# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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**Bleak outlook for Europe's job prospects, Page 2**

World news

## Daniloff release talks stalled

The US and the Soviet Union appeared deadlocked yesterday in efforts to resolve the case of Mr Nicholas Daniloff, the US journalist charged with espionage in Moscow.

However, White House spokesman Larry Speakes said both sides "continued to work" towards a solution.

The US has found unacceptable a Soviet Union proposal that Mr Daniloff and an unnamed Soviet political dissident be exchanged for Mr Gennadi Zakharov, the Soviet citizen and United Nations employee arrested in New York on espionage charges in August. Page 4.

### Chinese-Soviet talks

China and the Soviet Union will hold a ninth round of talks on normalising their political relations in Peking next month.

### Decision deferred

French President François Mitterrand deferred a decision on a controversial plan to change the country's electoral map by decree, avoiding a head-on clash with the right-wing government.

### Police detain five

French police detained five people for questioning about bomb attacks in Paris in the past few weeks.

### Shultz meeting

US Secretary of State George Shultz will hold talks in New York next week with foreign ministers of the six frontline states which are spearheading Africa's opposition to South Africa.

### House bombed

A white South African government official, dubbed the Iron Lady of Soweto since her efforts to quell a rent boycott, escaped unhurt in a bomb attack on her home in a whites-only Johannesburg suburb. Miners mourn, Page 3.

### 13 killed in Togo

Togo government forces killed seven members of a commando force which crossed into the West African state from Ghana and killed six civilians in dawn attacks in the capital Lomé. Page 3.

### Aquino returns

Philippine President Corazon Aquino flew back to Manila after a nine-day visit to the US in which she called attention to her country's economic plight and sought help in handling its $26bn foreign debt.

### Missionary dies

American Lyle Hutson, one of three missionaries detained last week on security charges, died in Kenya's criminal investigation headquarters.

### Arrest revoked

Lesotho's military rulers have revoked an order placing former premier Chief Leabua Jonathan, toppled in a bloodless coup last January, under house arrest.

### Greek boycott

Greece turned down an invitation to take part in a four-week Nato exercise, sticking to its threat to boycott Nato military manoeuvres because of its rift with fellow-member Turkey.

### Flights maintained

Air France maintained all its long-distance flights and 90 per cent of its medium-distance schedule despite a 24-hour strike by ground and navigational staff.

### Nuclear prediction

A report by senior researchers at an East-West research institute predicted a serious nuclear accident every three or four years and said this would accelerate the use of methane as a world energy source.

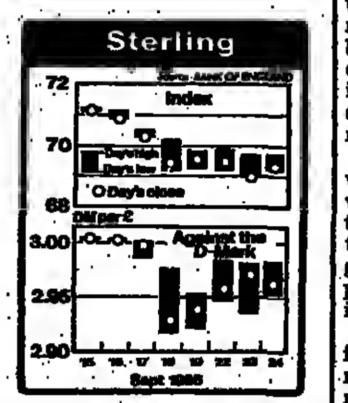
Business summary

## OECD demands 'work for all'

OECD called for economic policies to main growth and combat the "scandal" of unemployment. It said that "work for all" had to be a clear objective. Page 18

CARLO DE BENEDETTI, Italian industrialist, is seeking to extend his publishing interests in France with a takeover bid for Presses de la Cité, France's second largest publishing group. Page 20

STERLING closed in New York at $1.4470. It finished weaker in London at $1.4465 ($1.4490), DM 2.9625 (DM 2.9725), SFr 2.3975 (SFr 2.4050), FFr 9.7025 (FFr 9.72) and Y223.5 (Y224). Its index fell 0.3 to 69.4. Page 31




DOLLAR closed in New York at DM 2.0460, SFr 1.6565, FFr 6.7020 and Y154.15. It fell in London to DM 2.0475 (DM 2.0510), SFr 1.6580 (SFr 1.66) and Y154.50 (Y154.60), but was unchanged at FFr 6.7025. Its index was unchanged at 110.7. Page 31

GOLD rose $1 in London to $434. In New York the Comex December settlement was $436.00. Page 30

WALL STREET: The Dow Jones industrial average closed up 5.48 at 1,803.29. Page 38

LONDON: Announcement of a record £1.5bn ($2.17bn) August trade deficit delivered a body blow to the London gilt-edged market. Equities were consoled by the expected over-subscription of the Trustee Savings Bank share issues. The FT ordinary index closed 7.4 down at 1,264.5. Page 38

TOKYO: Heavy purchases of large-capital and blue chip stocks by leading investment trust companies drove share prices sharply higher. The Nikkei market average ended 249.46 higher at 17,955.76. Page 38

FRANCE postponed decision on future of CGCT, state-owned telecommunications group. Page 18

TSB: Applications closed in flotation of British banking group with at least £5bn chasing £1.5bn ($2.17bn) of shares. Page 18; Editorial comment, Page 16

AMARI, independent metals and plastic distributor, is to join the London Metal Exchange, the first new member since last year's tin crisis. Page 7

NATIONAL Semiconductor, California-based microchip manufacturer, and Thomson, French state-owned electronics group, are to develop together the next generation of integrated circuits for telecommunications. Page 20

BANKAMERICA corporation, struggling US west coast banking giant which has been hit by heavy loan losses, has dropped plans to take over Orbanco Financial Services Corporation, a small bank in the state of Oregon. Page 20

WAH KWONG Shipping, Hong Kong ship-owning group that foundered in January with debts close to US$850m, has called a meeting of its Japanese creditors for what may prove to be a last-ditch attempt to salvage a corporate reconstruction plan. Page 22

PORSCHE, West German maker of sports cars, said the sharp fall in the dollar had worsened trading conditions after a year in which sales had risen 12 per cent to DM 3.57bn ($1.7bn) and "satisfactory" profits had been made. Page 20

# Honeywell seeks worldwide venture with Bull, NEC

BY ANATOLE KALETSKY IN NEW YORK AND DAVID MARSH IN PARIS

HONEYWELL, the third largest US manufacturer of mainframe computers, is seeking to combine its $2bn information systems business with NEC of Japan and Bull of France in what will be the first attempt at a worldwide joint venture between US, European and Japanese computer giants.

Yesterday's announcement from Honeywell's headquarters in Minneapolis came after weeks of speculation about the future of the company's computer business in the wake of the merger between Burroughs and Sperry in May. Like these two other major US computer manufacturers, Honeywell has been struggling with great difficulty to maintain the profitability of its computer operations in a weakening market which is overwhelmingly dominated by IBM.

For Honeywell, the joint venture with NEC and Bull, no details of which have yet been worked out between the three companies, appears to be the logical culmination of a growing dependence on outside partners for computer manufacturing and design.

NEC, the world's largest manufacturer of semiconductors, originally entered the computer business with the aid of a technology exchange agreement with Honeywell dating back to 1962. Today NEC manufactures the central processors for Honeywell's most important product, the DPS-90 top of the line mainframe computer,

TOP COMPUTER COMPANIES
1985 revenues ($bn)

| | World-wide | Computer-related |
|---|---|---|
| IBM | 50.06 | 48.55 |
| Digital Equip. | 7.03 | 7.03 |
| Sperry* | 5.53 | 4.76 |
| Burroughs* | 5.04 | 4.60 |
| Fujitsu | 6.56 | 4.31 |
| NCR | 4.32 | 3.89 |
| NEC | 9.90 | 3.76 |
| CDC | 3.68 | 3.68 |
| H. Packard | 6.51 | 3.68 |
| Siemens | 18.57 | 3.27 |
| Hitachi | 20.92 | 2.89 |
| Olivetti | 3.07 | 2.52 |
| Wang | 2.43 | 2.43 |
| Xerox | 8.73 | 1.96 |
| Honeywell | 5.62 | 1.95 |
| Groupe Bull | 1.79 | 1.79 |
| Apple | 1.75 | 1.75 |
| AT&T | 34.91 | 1.50 |
| TRW Inc. | 5.92 | 1.45 |
| Matsushita | 21.22 | 1.45 |

*Now merged
Source: Datamation/IDC Europa

which competes with IBM's Sierra range.

Bull, which was taken into public ownership in 1982 by the Mitterrand Government, was originally a joint venture in which Honeywell held a 47 per cent stake and has continued to have close relationships with the US company since its nationalisation.

Bull produces the DPS-7 mid-range computer which Honeywell markets in the US. It also distributes Honeywell products in Europe.

Among the most important benefits of the joint venture, according to Honeywell, is the compatability of most of the computers produced by all three companies, since all of them are based originally on Honeywell computer architecture. The partners' intention appears to be that they will each continue to engage in some of the development and manufacturing for a combined product range which they will then attempt to sell in a truly worldwide market.

Honeywell, in particular, insisted yesterday that the joint venture did not indicate any intention to withdraw from computer manufacturing.

Suspicions remain, however, that the move is actually a defensive response to the rapid consolidation in the industry and the sharp decline in Honeywell's profits. Last year information systems provided 30 per cent of Honeywell's $6.6bn revenues and 35 per cent of operating profits. This made the computer division the most important part of the company's operations, which also includes control systems, aerospace and military equipment. But Honeywell announced a 31 per cent decline in profits to $36m in the second quarter of 1986 and said that the profits from information systems were "down sharply."

Honeywell said yesterday that,

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The inevitable merger, Page 19

# Former IBM executive gets key Paris post

BY PAUL BETTS IN PARIS

MR Jacques Maisonrouge, the former chairman of IBM Europe and the only Frenchman ever to have reached the board of the world's largest computer group, has been appointed as the top civil servant in the French Industry Ministry.

His appointment yesterday as the new Director General of Industry marks a significant break with French government tradition. It is the first time a person from the private sector, with no previous civil service experience, has been appointed to one of the key jobs in the French Administration.

Mr Maisonrouge replaces Mr Louis Gallois, who has close ties with the Ceres left wing faction of the Socialist Party. Mr Gallois, who held the post for four years, was expected to step down after the defeat of the Socialists in the parliamentary elections last March.

The appointment reflects the efforts of Mr Alain Madelin, the French Industry Minister, to underline his commitment to liberal and free market policies. Mr Madelin said yesterday that Mr Maisonrouge would be in charge of a reorganisation of the ministry, designed to make it more responsive to the needs of French industry.

As someone who spent 38 years with IBM, the appointment of Mr Maisonrouge is also highly symbolic, and represents an undisguised tribute on the part of the Government to US business. It also indicates the Government's resolve to internationalise further French industry and business and try to make it more competitive.

However, the appointment was not unanimously applauded in French industrial and business circles because of his close links with IBM and US industry. Mr Maisonrouge acknowledged that both the Government and himself were taking a risk. But he said he welcomed the challenge of his new task and the opportunity to serve his country.

He suggested that one of his priorities would be to try to break down the barriers which still exist in France between industry, the Administration and the university and higher education system. He added that his job would be to reorganise the ministry and help enhance the competitiveness of French industry.

It was necessary to improve the business environment for small and medium-size enterprises to enable them to increase their profitability, he said. Other priorities include increasing French export performance, encouraging more French investment abroad and in turn, attracting more foreign investment in France.

The Government yesterday made a series of appointments of new members to the boards of several state groups due to be privatised by the conservative administration. Reflecting the Government's entrepreneurial emphasis, many of the new appointments include promi-

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# GrandMet tries to sell Liggett

BY CHARLES BATCHELOR IN LONDON

GRAND METROPOLITAN, the British brewing, leisure and hotels group, is making a second attempt to sell Liggett, its US cigarette-manufacturing business, in a deal expected to be worth between $100m and $150m.

Grandmet was on the verge of selling the Liggett business to its US management for $325m in May 1984 but the deal collapsed when market conditions in the cut-price end of the market, where Liggett specialises, suddenly became much tougher.

The British group announced yesterday that it was negotiating the sale of Liggett but it said talks were unlikely to be concluded for several weeks.

The company refused to disclose the likely sale price or say with whom it was talking but stockbroking analysts in London estimated Liggett was worth $100m to $150m.

Liggett's management may once again be in the running to buy the company but it may also be attractive to some of the other large US tobacco groups such as RJR Nabisco, Philip Morris or American Brands, the analysts added.

Liggett makes the Chesterfield, L & M, Lark and Eve brands of cigarettes but made most impact on the US cigarette industry when it launched unbranded or "generic" cigarettes in plain packs a few years ago.

Unbranded cigarettes now account for about 4.5 per cent of the 125bn packs of cigarettes sold annually in the US. Liggett's success prompted other companies, notably Brown and Williamson, a subsidiary of BAT Industries, the British conglomerate, to compete, and prices were forced down.

Cigarettes contributed just $6.4m of operating income to GrandMet's total US consumer products income of $81m in the year ended September 1985. In the previous year, it was the most profitable US division, making $66.7m of the total $151.8m of profit.

A slight improvement in cigarette profits is expected in the current year following two price increases and a decline in discounting by the large manufacturers.

GrandMet bought Liggett for $590m in 1980 to establish a US base. It was mainly interested in Liggett's liquor distribution business which has contributed good profits and attempted from the outset to sell off the tobacco side.

# Dollar close to competitive level – Volcker

BY STEWART FLEMING IN WASHINGTON

MR PAUL VOLCKER, Chairman of the U.S. Federal Reserve Board, said yesterday that the decline in the value of the dollar over the past 18 months had brought the currency "reasonably close" to a level which should allow US companies to compete effectively with other industrial countries.

But he warned that the prospects for a continuation of the US economic expansion through 1987 and beyond "are heavily dependent on an improved trade balance... (of which) there are still no clear signs."

He again stressed that a combination of complementary economic policies by the US and its main industrial trading partners would be needed to correct the imbalances in the world economy.

"Exchange rate changes alone will not assure the lasting competitiveness of our industry or the large shift of resources necessary here and abroad to restore better balance to the world economy."

Mr Volcker's comments came amid public arguments between US and, latterly, European officials over the dollar's exchange rate. They seemed aimed in part at focusing attention on what he sees as the fundamental issues that should be addressed in Washington later this week at the annual meetings of the World Bank in the International Monetary Fund.

The meetings will be attended by the finance ministers and central bankers of the major industrial countries.

In his testimony to the House Ways and Means committee yesterday Mr Volcker took the industrial nations to task over the public disputes. So much of the transatlantic and transpacific economic dialogue in recent months "with its focus in the timing or wisdom of particular policy measures... by one country or another" was tending to obscure the important main issues.

Mr Volcker has consistently argued, as he did yesterday, that the improvement in the $150bn trade deficit which he hopes to see signs of in "the next quarter or two" will not be very vigorous without "a pretty buoyant world economy."

Reagan Administration officials are making it clear that in their view US trading partners, in particular West Germany, are not doing enough to ensure this buoyancy.

An Administration official yesterday, asked if Washington still felt that not enough was being done to boost demand in Japan and West Germany, described the recent Japanese package of stimulatory fiscal measures as "a step in the right direction," although the US doubted

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Details, Page 6; Lombard, Page 17; Money markets, Page 31

# £ slides as British trade deficit soars

BY PHILIP STEPHENS IN LONDON

A RECORD British trade deficit last month triggered a new slide in sterling's value yesterday, forcing further intervention by the Bank of England on currency markets and raising concern over the outlook for interest rates.

The Department of Trade and Industry said that sluggish exports and booming imports led to a £1.49bn ($2.16bn) deficit on Britain's trade in August, nearly three times the £588m shortfall recorded in July. The current account deficit, which includes financial and other invisible trade transactions, reached a record £886m last month, compared with a small surplus of £12m in July.

The size of the twin deficits took financial markets by surprise prompting a sharp fall in the pound within minutes. The Bank of England responded by selling for the second consecutive day what were described as modest amounts of dollars and D-Marks to steady the exchange rate.

The central bank's intervention braked sterling's slide in the immediate aftermath of the figures, but foreign exchange dealers said there was still uncertainty over the outlook.

Last month's deficit practically wiped out the £954m surplus on the current account which had been built up in the first seven months of the year, and government statisticians believe the trend points to another deficit in September.

That has raised the possibility that the current account could go into deficit this year for the first time since 1979, before North Sea oil began to make an impact.

# Deutsche Bank sets Euro-equity pace with Fiat deal

By Alexander Nicoll in London

BY MIDNIGHT on Tuesday night, the deal was as good as done.

Executives of Deutsche Bank Capital Markets in London, after cracking a few cans of beer, could go home to sleep with reasonable assurance that in the morning a $2bn stock market and currency risk would be adequately laid off.

The London subsidiary of the West German bank, along with Italy's Mediobanca, had bought two-thirds of the package of Fiat shares being sold by Libya at 5pm London time on Tuesday, setting the stage for the largest secondary share placing the world's stock markets have seen.

The deal was also a crucial test for the rapidly growing Euro-equity market, in which syndicate managers accustomed to distributing Eurobonds apply their selling skills and techniques to cross-border equity placings.

There began an intensive round of telephone calls to the syndicate managers reckoned to have the largest *placing* power. Until late in the evening, the terms were a tight secret to all but those being invited in.

As well as the two lead managers, 10 co-lead managers were tapped: three Swiss, Swiss Bank Corporation, Union Bank of Switzerland, and Credit Suisse First Boston; two more German, Dresdner Bank and Commerzbank; two American, Shearson Lehman Brothers and Salomon Brothers; and Arab Banking Corporation, Daiwa Europe and Banque Paribas.

The idea was that each of these banks would place shares in its own country, with Mediobanca handling some $500m worth in the domestic Italian market – in an additional co-management group, there are expected to be eight Italian and 13 international institutions. Perhaps most notable from a British point of view was the fact that even though the deal is being run from London, not a single British-based institution is in the co-lead management group.

There were no refusals and although Deutsche Bank had to wait until yesterday morning for one or two formal replies, it had been given sufficient verbal assurances to be certain that when the offering was formally launched yesterday morning, it would be instantly underwritten. Meanwhile, it carried the risk overnight.

Placing of a transaction this size is not a new thing for the Euromarket

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# German bankers urge rates cut as part of Western package

BY JONATHAN CARR IN FRANKFURT

LEADING West German bankers are advising the Bundesbank to be ready to cut key interest rates as part of a package deal to be thrashed out among Western industrial countries meeting shortly in Washington.

Mr Wolfgang Röller, head of the Dresdner Bank, the country's second-biggest commercial bank, said yesterday there was scope for a cut in rates and he was optimistic that accord could be reached in Washington.

He was speaking before today's meeting of the Bundesbank's policymaking council, which will be chaired by the central bank's president, Mr Karl Otto Pöhl, before he flies to Washington for the annual meeting of the International Monetary Fund (IMF).

The council is unlikely to decide to cut its discount and Lombard rates right away. But it is believed it may give Mr Pöhl the backing to promise cuts during talks among the Group of Five leading industrial countries, meeting at the same time as the IMF gathering.

The US has been urging its partners, especially the West Germans, to make such cuts to help boost economic growth. The Bundesbank has publicly argued that such action might do little for growth but could stimulate inflation.

In his remarks at a press conference in Berlin, Mr Röller argued that interest cuts in themselves could not solve the US trade deficit problem.

# France eases oil import restrictions

By Paul Betts in Paris

THE FRENCH Government yesterday further eased restrictions on crude oil and oil product imports for French-based oil refiners and independent distributors.

The latest liberalisation of the French oil market includes suspending the obligation for independent distributors to buy at least 80 per cent of their oil products from French or EEC refiners.

The Government has also suspended the obligation for the big oil companies operating in France to supply the French market with at least 90 per cent of products derived from either French or EEC refineries.

These obligations were part of the 1928 French oil legislation, designed to safeguard the country's strategic energy needs and interests and encourage the development of a French oil industry.

The latest measures follow the deregulation of oil prices in France under the previous Socialist administration and are also aimed at responding to prevailing conditions on the international oil markets.

However, at this stage the conservative Government is not suspending all the provisions in the 1928 law. These include the controversial rule obliging oil companies operating in France to transport at least two thirds of their annual crude oil needs in France on tankers flying the French flag.

This was designed to encourage the setting up of a French oil fleet but has become an increasingly costly burden for the troubled French refinery industry.

The Government's decision not to suspend the fleet obligation reflects its preoccupation of not unsettling even further the loss-making French shipping sector, now in the throes of major restructuring.

Moreover, the Government has also retained the possibility of re-imposing the oil imports obligations for independent distributors and domestic refiners in the event of a new oil crisis.

# Hurd to seek reform of UK extradition law

BY SHEILA JONES IN BONN

THE BRITISH Government will shortly put before Parliament proposals for major reform of UK extradition law as part of an attempt to combat international terrorism, Mr Douglas Hurd, the British Home Secretary, said in Bonn yesterday.

The proposed law changes would include the abolition of Britain's requirement, in respect of Western Europe, for a requesting state to establish a *prima facie* case against a fugitive before extradition was granted. This and other reforms would make it possible for the UK to take part in the European Convention on Extradition, Mr Hurd said.

He was speaking at the Konrad Adenauer Foundation in Bonn, on the eve of today's emergency meeting in London of the 12 EEC Interior and Justice Ministers to discuss terrorism, at which Mr Hurd will preside.

Mr Hurd said effective extradition was a "vital tool" in the fight against terrorism as well as crime in general. However, the usefulness of international co-operation on terrorism was greatly reduced "if we are prevented from bringing alleged terrorists to justice."

"Two considerations made it clear to me that we needed to make this reform and abolish the prima facie rule. The first was the fact that it got in the way of perfectly proper extradition requests. The second was that it was anachronistic and gave the impression that we in the UK mistrust foreign judicial standards," Mr Hurd said.

The Government was also considering the possibility of proposing legislation that would enhance international co-operation on crime and enable the UK to take part in the European Convention on mutual assistance.

"I do not know quite how fast we will be able to move down this path or indeed whether we will be able to take full part (in the European Convention), but I quite see the potential benefits which could enhance the close informal co-operation which already exists between our two countries."

The extradition and mutual assistance proposals outlined by Mr Hurd yesterday are likely to form the basis of the UK's contribution to today's meeting in London. Mr Hurd appeared to discount the possibility of the UK pressing for visa restrictions to combat terrorism, following the example set by France. In his speech in Bonn yesterday, Mr Hurd referred to visa restrictions only in the context of combatting illegal immigration.

"It will not, for example, bring the creation of a people's Europe, or a thriving economic community closer if, at the same time, we were unwittingly to decrease the safety and security of our nations. If we are to minimise the barriers which apply at our internal frontiers we must first satisfy ourselves that the reduction of frontier controls will be compatible with the fight against terrorism, crime and drugs," Mr Hurd said.

Mr Hurd: "vital tool" in fight against terrorism.

# Europe's air transport 'in need of policy overhaul'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE AIR transport situation in Western Europe is in urgent need of a radical overhaul, which can best be achieved by a Europe-wide liberalisation policy.

On the eve of next week's meeting of European transport ministers, called by Mr John Moore, the UK's Transport Secretary, to discuss liberalisation, a new study by the Economist Intelligence Unit argues that European airlines are now operating in a policy vacuum.

"The opportunities for new liberal bilateral agreements have run out, consumer groups are bombarding the airlines with complaints about fares fixing, and airlines and governments remain polarised in their views over the relaxation of controls on airline regulation," says the study.

Written by two European air transport economists, Mr Stephen Wheatcroft and Mr Geoffrey Lipman, the study argues that the introduction of phased competition rules in European air transport is vital, not only because the Treaty of Rome now requires it, but also because the relaxation of route entry and pricing restriction is essential for the sound financial development of many of Europe's flag airlines.

Moreover, many European charter operators are waiting eagerly for entry opportunities onto scheduled routes; many have the equipment, personnel, operating experience and commercial ambition to represent a serious threat.

Although the new UK bilateral initiatives have produced significant breakthroughs, says the study, there are limits, since the number of willing partners has run out.

"Equally, US-style deregulation is not suitable for the European multi-state situation. Rather, increased competition through phased relaxation of control over market entry, supply and prices can be achieved and without destroying the fruits of co-operation."

Mr Wheatcroft and Mr Lipman propose a timetable for the phased introduction of liberalisation, with the Council of Ministers adopting a target date of 1992 for implementation of a policy drawn up through the European Civil Aviation Conference that would include both EEC and non-Community members.

*Air Transport in a Competitive European Market: Problems, Prospects and Strategies: The Economist Intelligence Unit Travel and Tourism Report No. 3; £95.00.*

# Sweden's trade with S. Africa falls sharply

By Sara Webb in Stockholm

SWEDEN'S trade with South Africa has fallen sharply in the last six months, according to a report from the Central Statistics Office.

The value of imports from South Africa dropped 73 per cent to SKr 72m (£7.16m) in the first half of 1986, while exports fell 29 per cent to SKr 408m.

Unlike its Nordic neighbours, Denmark and Norway, Sweden did not come out with promises of a total trade boycott this summer, on the grounds that unilateral trade sanctions would be a violation of international law.

The decision led to widespread criticism of the Social Democratic Government. Instead, the Government appealed to Swedish companies to look elsewhere for new markets and suppliers, and introduced a licensing system for imports and exports with South Africa.

South Africa is not an important market for Sweden. Sweden's exports last year totalled $30.198bn, of which $107m or 0.35 per cent went to South Africa.

Imports of agricultural products from South Africa have been banned since January. But South Africa is still the main source of iron alloys and nickel.

# EEC inflation rate declines

BY QUENTIN PEEL IN BRUSSELS

INFLATION IN the EEC as a whole recorded its first ever drop in July—of 0.1 per cent—as a senior Community official urged member states to take full advantage of the once-off drop in oil prices.

Only Spain and France recorded any increase in inflation in July—of 1.0 and 0.1 per cent respectively — while the Netherlands led the rate of decline with a drop of 0.8 per cent.

The downward movement was cancelled out in August, when overall consumer prices in the Community rose by 0.1 per cent, but West Germany and Luxembourg continued to enjoy a further slowdown.

The annual rate of increase of the Community consumer price index was 3.2 per cent in July and 3.3 per cent in August. Over the same 12 month period, West Germany, the Netherlands and Luxembourg all enjoyed negative inflation.

The warning that such an advantage would not recur came from a senior Commission official, at a briefing in the wake of last weekend's EEC finance ministers' meeting, and in advance of next week's annual gatherings of the IMF and World Bank.

"The effects of the oil price fall and the decline in the dollar will only be registered once," he warned. "Next year we can automatically expect two points higher inflation."

He warned EEC governments against pursuing austerity "with too much dogmatism" and urged them to take full advantage of the current economic situation.

At the same time, he stressed that a faster growth rate in Europe and Japan — while necessary to boost the growth of world trade — would not in itself make very much impact on the U S trade deficit.

# Nuclear safety efforts dismissed

NUCLEAR accidents with potentially severe consequences will continue to happen in spite of efforts to limit their occurrence, according to an international study released yesterday in Vienna by Greenpeace, the environmentalist organisation, Patrick Blum reports from Vienna.

The 650-pag report's release was designed to coincide with the special ministerial conference of the International Atomic Energy Agency (IAEA) also meeting in Vienna this week to discuss the implications of the Chernobyl accident and agree measures to improve nuclear safety.

Greenpeace spokesmen and the authors of the report, whose application to attend the conference was rejected, dismissed as irrational suggestions that nuclear power could be made safe. "No reactors are safe, be they Soviet or any other," said Dr Helmut Hirsch, a West German scientists and one of the report's authors.

Nuclear reactors are "far from being inherently safe" because of their complexity and the inherent danger posed by the materials used and processed for nuclear energy, the report argues.

"Accidents will happen because not all possibilities of system failures, human errors and mismanagement can be anticipated, nor rendered ineffective by appropriate advance planning, the report says. Reactors are also vulnerable to acts of war, terrorism or sabotage.

# MBFR talks resume in Vienna

The Vienna negotiations on reducing conventional forces in central Europe — the Mutual and Balanced Force Reductions (MBFR) talks — resume today after their summer break with a questionmark hanging over their future, Patrick Blum writes from Vienna.

The 13-year-old talks between Nato and the Warsaw Pact have been deadlocked for years primarily because of disagreements over the present troop strength of each side and over verification measures.

## Greece boycotts Nato exercises

Greece is sticking to its threat to boycott Nato manoeuvres because of its rift with fellow member Turkey, alliance diplomats said yesterday, Reuter reports from Brussels. They said Greece had turned down an invitation to take part in Display Determination, a four-week sea, air, amphibious and land exercise, involving Italian, US and Turkish forces, that began on September 19. They are taking place in the central and eastern Mediterranean, the Black Sea, northern Italy and Turkey.

## N-weapons guidelines

Nato has drawn up new political guidelines to advise the Western allies on when and how to unleash nuclear weapons according to modern alliance strategy, Nato sources said yesterday, Reuter writes from Brussels.

## Danish deficit narrows

Denmark's trade deficit narrowed in August to DKr 640m (£57m) compared with DKr 2.4bn in July, the State Statistics Bureau said yesterday, AP reports from Copenhagen.

## Air France strike

Air France planned to maintain all its long-distance flights and 90 per cent of its medium-distance schedule despite a 24-hour strike yesterday by ground and navigational personnel, the company said, Reuter reports from Paris.

# Waldheim denies fresh claims

PRESIDENT KURT Waldheim of Austria rejects accusations by the World Jewish Congress that he handled anti-Jewish propaganda leaflets during the Second World War, an aide said yesterday, AP reports from Vienna.

The accusations, made on Tuesday by the World Jewish Congress in New York, "are without any foundation," Mr Gerold Christian said.

World Jewish Congress investigators said they had found Nazi propaganda pamphlets in US national archives with slogans such as: "Enough of the Jewish war, kill the Jews, come over."

# Europe 'fastest growing optical fibre market'

BY DAVID THOMAS

THE EUROPEAN optical fibre market is the fastest growing in the world and will represent 34 per cent of the world market by 1991, up from 22 per cent now.

This is one of the main findings of a new study of the European market by Kessler Marketing Intelligence, a research group based in Newport, Rhode Island.

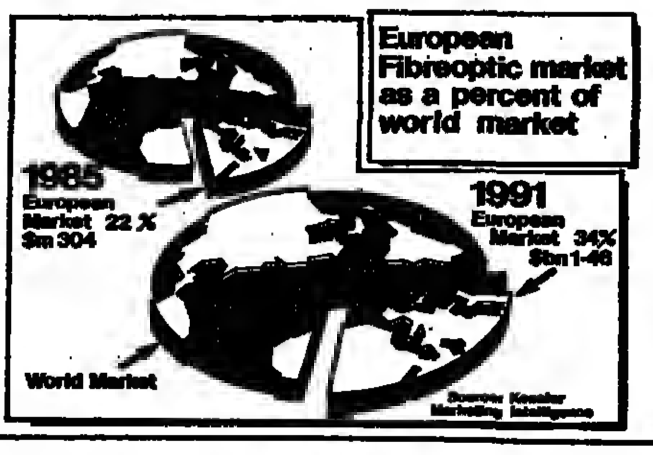
The report says that the European market will grow from $304m (£209m) in 1985 to $1.46bn by 1991, an average annual growth rato of 30 per cent.

The main reason for this growth, the report says, will be the use by most countries of large amounts of optical fibre in their telephone networks.

Optical fibre use in data communications, military and video technologies will also contribute to the surge

West Germany will emerge as Europe's largest market, growing at an average annual rate of 40 per cent to 1991, according to the report. By 1991, West Germany will account for 30 per cent of the market, with France and the UK holding 23 per cent each.

*Report from KMI, 31 Bridge Street, Newport, Rhode Island 02480, $2,850.*








# European employment prospects fail to improve

## George Graham in Paris on the OECD's jobless report

UNEMPLOYMENT in the industrialised world may stabilise over the next year, but it is unlikely to show any significant improvement, the Organisation for Economia Co-operation and Development has warned.

Some 31m people may remain out of work in the OECD member countries over tha second half of this year — an unemploymant rate of 8¼ per cent — and the number is unlikely to change in 1987, the organisation says in its latest annual Employment Outlook, published yesterday.

North America and Australia are likely to see unemployment remaining stable or evan declining, but the jobless rate may increasa a little in Japan.

Europe's prospects are mixed, with West Germany's unemployment rate falling by around ½ of a percentage point over the next year and a half, but rises expected in Scandinavia, France, Italy, Austria, Greece and Turkey. Unemployment may decline slightly next year in the UK, the OECD says.

If unemployment is to fall to more acceptable levels, tha Paris-based organisation says, it is essential for the present recovery of economic activity to continue. The OECD area is already four years into the upturn, but unemployment is still three times as high as it was in 1973 and 12m higher than in 1979.

Youth unemployment remains a particularly serious problem, despite some improvement over tha past two years which is likely to continue over the coming year. In the 12 member countriea for whiab accurate statistics are availabla youth unemployment ia likely to average 16 per cent, the groop forecasts, almost 5 percentage points higher than in 1979.

Long-term unemployment is the other main area of concern for the OECD. The position continued to deteriorata last year in Europe, where more than 45 per cent of the jobless have been out of work for more than a year. There was some improvement in North America.

In most countries where the rise of unemployment has slowed recently or where unemployment has begun to decline, this has been accounted for mainly by a reduction in the numbers coming onto the dole quana rather than by more unemployed people finding jobs, the OECD says. This means that the number of short-term unemployed has stabilised, but that there has been further growth in the numbers of longer-term unemployed, especially those out of work for very long periods.

In the UK for exampla, virtually all the increase in long-term unemployment over the past year has been accounted for by people out of work for more than three years. In January 1986 they numbered 550,000, 16.3 per cent of the total unemployed and 22 per cent more than a year earlier.

The OECD says that government employment measures targeted at these people are unlikely to push wage demands up, since the long-term unemployed are "outsiders" in the labour market with little or no influence on wage bargaining.

The latest projections from the OECD show further falls in long-term unemployment in North America, Australia and some of the Nordic countries this year and into 1987, but little chance of any significant improvemant in Europe. The long-term jobless are expected to number 1.5m in the UK and 1.1m in France next year, although there may be a further slight fall towards 600,000 in West Germany.

Youth unemployment is n problem that will not go away for the present ganaration of young people without jobs just because they get older, tha OECD says in its report. Rejecting the conventional wisdom that youth unemployment is due to age factors, it suggests that the young may be suffering from the effects of the baby boom, which brought a "bulge" of new applicants on to tho job market at the same time as the economy was slackening.

The problem is "a moving target," the report concludes, and governments need to direct their policies not just at the under 25s in general, but also towards helping the baby boomers to overcome the initial difficulties they have experienced and to minimise the long-term scars caused by these difficulties.

A disadvantaged generation does manage to catch up eventually, the OECD indicates, but tha difficulties can last for several years. Governments need to take measures such as relaxing the age of entry into apprenticeships or expanding adult education.

In Canada and the US, a decline in youth wages relative to the rest of the population's earnings may bave moderated the effect of the baby boom on youth unemployment, but in Europe relative youth wages either rose—as they did in Sweden or in the UK up to the mid 1970s—or remained constant. This may have caused youth unemployment rates to rise faster in relation to the rest of the population, the OECD says.

Governments could increase employment by cutting payroll taxes, such as employers' social security contributions, the organisation calculates, even if other taxes were raised to pay for the cuts.

A cut in payroll taxes that reduced labour costs by 1 per cent — a small change for many OECD member countries — could reduce the unemployment rate by between a quarter and three quarters of a percentage point, the organisation says, and the gain could last for five to 10 years.

Non-wage labour costs, including payroll taxes of this kind, have risen from 29.9 per cent of an employer's total labour costs in 1973 to 34.7 per cent 10 years later. In countries such as West Germany, France and Belgium they make up 44 per cent of total labour costs.

The gain in employment would result when the cut in payroll taxes was passed on to tha consumer in the form of lower prices. This would allow demand to expand in the economy without raising inflation.

The best results would come, the OECD says, if the offsetting tax increase was in the form of higher income taxes, since raising value added taxes would immediately increase prices.

But officials suggested yesterday that there might be greater benefits if governments did not try to compensato by raising other taxes. Since several countries are planning to lower their income taxes anyway, it might be more fruitful for employment if these cuts were to be concentrated on payroll taxes.

Over the long run, the OECD warns, the effect of the payroll tax cut on employment may be small, since wages will tend to rise in response to the offsetting increase in personal taxes. In countries with centralised wage bargaining, pay might rise more quickly and negate even the short term benefits.

Commenting on the black economy, the OECD says it is much smaller than is generally thought. Although up to a quarter of the working population may have some form of "concealed amployment," they do very little of it.

Overall, tha black economy may account for no more than 2 to 4 per cent of total national output in the more industrialised countries, the report concludes, although a bigher figure cannot be ruled out for southern Europe.

Most of the bidden jobs go to those who already hava a more formal job, the report adds, so that the unemployed suffer the same inequalities in the concealed labour market as they do in the formal economy.

The unemployed, and especially the long-term unemployed, have relatively low levels of skills and training and impaired social contacts, the OECD says, and seem to be particularly badly placed in any attempt to find concealed employment.

The OECD recommends that governments should provide temporary subsidies to infant entrepreneurs, especially those who are unemployed and cannot afford the cost of equipment. Unemployment benefit rules should also avoid discouraging the unemployed from taking up small-scale declared jobs.

"In a situation of prolonged, excess labour supply, many unemployed people, particularly the long-term unemployed, may be able to secure only low-skilled, occasional, part-tima work. If the unemployment benefit regulations permit little or no earned income without loss of benefits, the financial incentive to conceal this employment may be high," the report says.

* *OECD Employment Outlook, 156 pages, available from OECD sales agents.*

OECD UNEMPLOYMENT

| | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|
| **Unemployment rates %** | | | | | |
| US | 9.6 | 7.5 | 7.2 | 7 | 6½ |
| Japan | 2.7 | 2.7 | 2.6 | 2½ | 3 |
| Germany | 8.2 | 8.2 | 8.3 | 8 | 7½ |
| France | 8.4 | 9.9 | 10.2 | 10½ | 10¾ |
| United Kingdom* | 11.6 | 11.7 | 11.9 | 12 | 11½ |
| Italy | 9.8 | 10.3 | 10.6 | 11 | 11½ |
| Canada | 11.9 | 11.3 | 10.5 | 9½ | 9½ |
| Total of above countries | 8.2 | 7.6 | 7.5 | 7¼ | 7¼ |
| Other OECD countries | 11.0 | 11.5 | 11.6 | 11½ | 11½ |
| OECD Europe | 10.2 | 10.8 | 11.0 | 11 | 11 |
| Total OECD | 8.8 | 8.4 | 8.3 | 8¼ | 8¼ |
| **Unemployment levels (millions)** | | | | | |
| North America | 12.1 | 9.9 | 9.6 | 9½ | 9½ |
| OECD Europe | 17.3 | 18.4 | 18.9 | 19 | 19 |
| Total OECD | 31.8 | 30.6 | 30.8 | 31 | 31 |

*From April 1983 unemployment, excluding school-leavers, is expressed as a per cent of employees in employment, the self-employed and the unemployed.

*Source: OECD, Economic Outlook, No. 39*

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# OVERSEAS NEWS

## Angry S. African miners mourn Kinross dead

BY ANTHONY ROBINSON IN EMBALENHLE

MR CYRIL RAMAPHOSA, general secretary of South Africa's black National Union of Mineworkers (NUM) was carried shoulder high around the dusty stadium of this township ten miles from Kinross mine yesterday, as over 5,000 miners mourned the 177 who died in last week's underground fire.

Thousands of grim-faced miners, many of whom had walked off their shifts at neighbouring mines to attend the ceremony, applauded as speaker after speaker denounced Gencor, owner of the Kinross mine and mining management generally for putting production and profits before the safety of the 90 per cent black labour force.

They cheered as Mrs Winnie Mandela, wife of jailed African National Congress leader Mr Nelson Mandela told them "You hold the golden key for our liberation. The moment you stop digging gold and diamonds, that is the moment you will be free."

Alluding to the possibility of strike action over the union's pay dispute with the Chamber of Mines she added: "The time may come when your leaders will demand greater sacrifices than the day of mourning stoppage on October 1, because you create the wealth which pays them (pointing at e line of police armoured cars outside the stadium) to sit in their caspirs (armoured cars)".

Conversations with the *mainly migrant miners from* Swaziland, Lesotho, Mozambique and the South African black homelands revealed the strong sense of militancy and support for the union and its demand that its own safety stewards be *allowed to monitor safety* on the mines.

MRS Del Kevan, controversial director of housing in Soweto, became the first target of a bomb attack on a South African white suburb yesterday when a limpet bomb explosion shattered the early morning silence of Craighal Park in northern Johannesburg.

Mrs Kevan, a former local councillor of the liberal Progressive Federal Party, became the object of fierce recrimination by blacks when she announced last month that tenants in Soweto who refused to pay rent would be evicted from their homes.

The evictions threat sparked a protest meeting in the White City-Jabavu section of Soweto which was *broken up by police* who fired into crowds of protesters killing at least 24. Since then, Mrs Kevan has received many death threats and has been branded as a racist.

The explosion blew out the windows of her house and those of other houses in the area. Mrs Kevan, who was asleep, escaped injury and there were no other casualties.

## Lome terror kills 14

BY PETER BLACKBURN IN ABIDJAN

A terror attack on Lome, the capital of Togo, on Tuesday night, in which 14 people were killed, is the latest in a series of attempts over the past year to destabilise the regime of General Gnassingbe Eyadema. It comes two months before a scheduled Franco-African summit in the West African city.

The attack has further tarnished Togo's peaceful image reflecting its political stability since General Eyadem a' seized power in a coup in 1967.

The official Togolese radio described Tuesday's attackers as "an invading force of armed terrorists."

The Government has not identified the attackers which it said came from across the Ghanaian border, only 5 kms from Lome.

The seaside city was reported calm yesterday with telephones working, but the Ghanaian border was closed and people were advised to stay at home.

## Australians sign pact on work practices

By Richard Hubbard in Canberra

AUSTRALIA'S leading employer groups and the Australian Council of Trade Unions (ACTU) yesterday declared support for changes in work practices to improve efficiency and enhance industrial productivity.

The communique, which also included the Government as a signatory, was issued at the end of a day-long meeting in Melbourne convened by Primo Minister Bob Hawke to examino possible productivity improvements.

While the communique was not detailed, it was significant in that its wording indicated a willingness of employers and unions to concede ground over the issues involved.

The unprecedented agreement between the ACTU and the employers, represented by the Business Council of Australia and the Confederation of Australian Industry, also saw the Government take a step back from the industrial arena.

The Government's accord with the trades union movement has been the *centrepiece of* its economic and industrial relations strategy since its election in 1983, but the possibility of a bi-partisan agreement between employers and unions is emerging as a potentially more flexible and co-operative *future* arrangement.

Yesterday's agreement is a very small step in this direction, but the ettitude of both parties in acknowledging and accepting the views of the other has indicated there is room for such a relationship to develop, particularly while there is widespread acceptance of the need for a major effort by all parties to overcome Australia's current economic difficulties.

The three-page joint communique on prodnctivity improvements agreed to by all parties did not question the need for change, but covered methods by which change could be achieved.

It said: "The objective is to achieve change through co-operation and consultation, not confrontation, and to increase the prospect of meaningful and satisfying work and the fuller realisation of human potential."

The parties agreed on the need for improved education, skills and retraining at all levels

Andrew Whitley talks to Irish Unifil soldiers in south Lebanon

## Peace and security still a dream

"WE'VE been very busy lately," said Commandant Morris Canavan, operations officer of the 651-strong Irish battalion serving with the United Nations' peacekeeping force, Unifil, in southern Lebanon.

The Irish have been with Unifil since the start. In early 1978 they were deployed, os part of an optimistically named "interim force," to supervise the withdrawal of the Israeli *army from one of* its periodie incursions into its neighbour's territory.

Over eight years later the Irish battalion is still there, patrolling a "pretty interesting" 80-square kilometre tract of rugged land, many of the soldiers now on their second, or third, six-month tour.

A line of fortified hilltop positions along the distinctive southern ridgo running through Irishbatt's sector serve as daily reminders of the cause of tho Irishmen's discontent. Partly manned by the renegade South Lebanon Army, Israel's proxy force in tho region, and partly by Israeli troops, they are the pockets left behind by the tide when the *Israeli* army withdrew from Lebanon last year.

Casualties have come at a steady rato among the Unifil soldiers, most of them volunteers like the Irish. Yesterday a Nepalese soldier was shot in the head and killed *in one of* two attacks by Shia Moslem gunmen on Nepalese positions.

Karna is technically within the domain of the neighbouring Nepalese. But from there the SLA has been waging a daily ping-pong battle with what the Irish politely describe as "resistance elements" based in Haris village, a botbed of Shia militancy in their own sector.

Virtually every day o *few* "resistance elements" lob Katyusha rockets towards Karna. In reply, tho old Sherman tank on the hilltop fires a few rounds across the valley into Haris or the nearby village of Kafra. An occasional lucky shell knocks another lump of masonry off Kafra's prominent minaret.

In recent weeks, the artillery shelling has risen to a new crescendo, blocking the main road to Naqura, Unifil's *coastal headquarters for hours* on end. It's a nuisance, though not a grave threat to the Irish soldiers. But for the local villagers the shelling is a constant reminder that the peace and security Unifil was meant to bring is still a long way off.

"Peaco and security," a hackneyed phrase in the mouths of politicians and diplomats pontificating at the UN in New York but o real concern for those Lebanese families who chose to build their new bomes and small businessee in the shadow of the key Irish checkpoint on Tibnin Bridge.

Tibnin Bridge sits astride the main road from the "onclave"—as Unifil describes the Israeli security zone — to the important city of Tyre.

As such, the bridge, overlooked by a ruined crusader castle, is the main channel any would-be guerrilla band has to *pass along with its weapons*, before getting within rango of the Israelis or their allies to have a crack.

On average 2,500 cars pass across the bridge each day. Most are waved through by Lieutenant Deck O'Brian's platoon. It would be impossible to search more than a *fraction*. But, regularly, a find is made — and e confrontation ensues.

What happens then? Under orders not to use their weapons except in self-defence, the UN soldiers resort to tactics of *patience and diplomacy*. The donble gates on both sides of the bridge slam shut, isolating the gunmen's car, and higher authority from which ever group they belong to are summoned.

These *stand-offs* can be "very, very hairy" said Commandant Canavan, recalling cases where enraged guerrillas throatened the Irish soldiers with grenades

Dospite the increased military *activity in the region*, the number of weapons seized in the Irish sector has been low this month—only 10 so far. The likely explanation for this is said to be thet the combatants have already got their stocks in place.

*Often* eccused by Israelis of being partisan, in favour of the locals, tho Irish have, however, frequently come under fire from tho Arab side as woll in recent weeks. Heavy firing broke out without warning ono day last month from the hills

**Israeli Prime Minister Shimon Peres yesterday sharply criticised Wednesday's renewed UN Security Council call for Israel to withdraw to its international frontier with Lebanon. He said he hoped the Security Council would "come to terms with reality," adding that the UN peacekeeping force on its own was incapable of maintaining security either in Beirut or in southern Lebanon. Mr Yitzhak Rabin, the Israeli Defence Minister, said a change in the deployment of the UN force would not solve its current problems, which he claimed were caused by pro-Iranian guerrillas. He also rejected right-wing calls in Israel for the cxension of its Security Zone in Lebanon, saying Israel would continue to rely on its ally, the South Lebanon Army.**

Chirac says Unifil may retrench, Pag. 4

## Nigeria names date for two-tier currency

BY OUR FOREIGN STAFF

NIGERIA'S MILITARY Government is reported to have agreed last week on the introduction of a two-tier foreign exchange system with effect from next Monday.

The long-expected move is seen as an important step in its efforts to rehabilitate an economy severely hit by the oil price fall. Oil accounts for more than 90 per cent of export earnings.

The system will lead to e de facto devalnation of the naira. Debt service commitments and certain government imports will be paid for at the first-tier rato determined by the central bank. Other transactions will be paid for at the second-tier rate, which will be determined by the level of bids at the hard currency "auction"

The hard currency will be made available partly by the Government, which will set aside a proportion of export earnings, and partly by donors, including the World Bank, which has played a key role in assisting the Governmout to draw up its economic reforms

At the weekend Mr Chn Okongwu, Finance Minister, said Nigeria had reached agreement with the bank on a lending programme which included support for the two-tier system.

Government policies are being closely monitored by creditors. Short-term trade arrears amount to at least \$4.8bn (£3.3bn) and medium and long-term debt stands at \$13bn.

## Ghana exchange auction results in 30% devaluation

BY PETER BLACKBURN IN ABIDJAN

GHANA'S first weekly foreign exchange anction resulted in a exchtange rate of Cedis 128 against the US dollar, according to the Bank of Ghana (central bank).

The new rate, established at Friday'e auction, represents a devaluation of about 30 per cent against the former official rate of Cedis 90 to the dollar, and will apply to all transactions except imports of oil and essential drugs, official debt service and cocoa dealings.

It is the 10th effective devaluation by the Government since it started an IMF/World Bank-backed economis recovery programme in 1983.

However, bankers point out that the Cedi is still substantially overvalned compared with the black market rate of about cedis 180 to the dollar.

There were 74 bidders, 29 of wbom were successful, for an allocation of \$2.5m at last Friday'a auction, according to Mr Yaw Mano-Sarpong, chairman of the Foreign Evchange Committee.

The weekly enctions ere intended to help stabilise the exchange rate and improve the country's foreign exchange reserves by encouraging Ghanaians working abroad to send remittances through the banking system instead of the black market.

Further cuts in government spending, privotisation of state enterprises and new export incentives are expected to be announced soon.

## Nakasone moves to clarify US speech

By Gordon Cramb in Tokyo

JAPANESE GOVERNMENT officials attempted yesterday to limit damage to US and Latin American relations from remarks on race attributed to Mr Yasuhiro Nakasone, the Prime Minister, which had evoked anger in Washington and elsewhere overnight.

Tokyo newspapers had quoted Mr Nakasone as telling a meeting of his Liberal Democratic Party supporters that "since there are black people, Puerto Ricans and Mexicans in the US," the national tevel of intelligence or knowledge there was lower than in Japan.

The Japanese Foreign Affairs Ministry was less than completely helpful in a statement yesterday which solemnly acknowledged the "great progress as a democracy" the US had been making.

"The media are quoting the Prime Minister completely out of context," it said. "The Prime Minister said in effect that the United States was a multi-racial socioty and had been making great progress as a democracy, overcoming edncational, social and other issuee associated with such a background.

"In no sense has he ever implied that the level of intelligenee is low in tho United States," the ministry said.

Then Mr Nakasone rejoined the debate. Despite complimentary allusions to space missions and Star Wars, his latest comment is unlikely entirely to placate black and hispanie congressmen

Mr Nakasone said in Tokyo: "What I was saying there was that tho US has made great achievements in the Apollo programme and in SDI (the Strategic Defence Initiative) but there are things the Americans have not been able to reach because of multiple nationalities."

● Yesterday, Mr Gustavo Petricioli, Mexican Finance Minister, met Mr Nakasone and the Export-Import Bank of Japan confirmed during the day an outline agreement to advance the Mexico \$1bn (£690m) in project loans.

# AMERICAN NEWS

## US rejects offer to swap Daniloff for Soviet spy

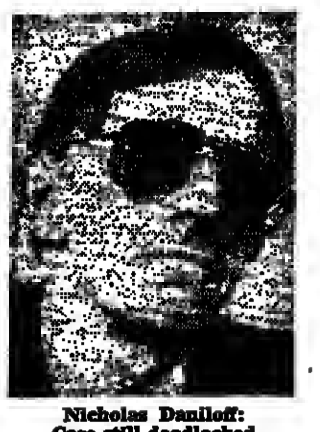
BY STEWART FLEMING, US EDITOR IN WASHINGTON

THE UNITED STATES and the Soviet Union were still deadlocked yesterday over the case of Mr Nicholas Daniloff, the US journalist charged with espionage in Moscow. White House spokesman Larry Speakes said both sides continued to work towards a solution.

In the wake of reports that the Soviet Union had proposed exchanging Mr Daniloff and an unnamed Soviet political dissident for Mr Gennadi Zakharov, the Soviet citizen and United Nations employee arrested in New York on espionage charges in August, US officials said the terms of this proposal were not acceptable.

On Wednesday Mr George Shultz, the Secretary of State, and Mr Eduard Shevardnadze, the Soviet Foreign Minister, held two meetings in New York in an effort to break the impasse. Mr Speakes said although no further meetings were scheduled "that does not rule out having one."

The US stressed that it cannot accept a straight swap of Mr Daniloff, who it says is an innocent man being framed by Moscow, for a spy. The US says that such an arrangement would be tantamount to tacitly accepting that the Soviet Union can use the UN as a base for espionage.



Nicholas Daniloff: Case still deadlocked

Both sides have been holding back from actions which might aggravate the problem. Moscow has yet to retaliate against the US decision last week to order the expulsion of 25 diplomats from the Soviet UN mission. Meanwhile in the federal court in New York yesterday the US postponed a move to set an early trial date for Mr Zakharov.

**Patrick Cockburn in Moscow adds:** A senior Soviet official yesterday strongly attacked President Reagan's speech to the UN saying that it threw in doubt the US desire to reach any agreement on disarmament.

Mr Yuli Vorontsov, the first deputy foreign minister, told a news conference it was full of "routine stereotypes about the USSR."

He said the analysis presented by President Reagan to the UN raised the question: "Is the American leadership prepared or really willing to look for agreements that would lead to the termination of the arms race, to real disarmament?"

## Texas relaxes banking laws to allow out-of-state rescues

BY WILLIAM HALL IN NEW YORK

TEXAS is to allow out-of-state banks to buy Texas banks and savings institutions, from January 1. The new law will make it easier for US bank regulators to organise rescue attempts for some of the weaker members of the depressed Texas banking industry.

The once high-flying Texas banks are suffering because of weak oil prices and the decline in the real estate business and in farming.

Texas banking officials say the aim of the new law is to open up the state to healthier financial institutions which will inject new capital.

Governor Mark White, who signed the new law yesterday, said many Texas institutions would face irreversible attrition if they did not take aggressive steps to provide more options for recovery.

Although the state's three main banking trade associations supported the legislation, there are still some small banks which resent the move. A group of small bankers are thought to be planning to test the constitutional validity of Texas's interstate banking law in the courts. However, state officials do not expect the challenge to present a serious problem.

Over half of the states in the US already allow interstate banking, that is, activities within a state by out-of-state institutions, but until recently Texas bankers have steadfastly opposed the idea. However, the state's mounting economic problems and the growing financial difficulties facing several of its biggest banks, have led to a change in position. Texas is expected to become a battlefield in the wave of interstate banking mergers now sweeping the US.

Interfirst of Dallas and Houston's First City Bancorporation, are two of the biggest and weakest Texas banks. There has been considerable speculation that they may be taken over.

Several east and west coast banks are known to be interested in moving into the state but are wary of taking over deeply troubled institutions. Bankers are also waiting to see whether Japanese financial institutions will try to buy their way into what was until recently one of the most lucrative banking markets in the US.

Governor White has also backed a constitutional amendment which will allow statewide branch banking in Texas. This has to be ratified by the Texas electorate on November 4 and banking officials appear less certain whether it will be passed.

## Shell halts oil and gas drilling off Nova Scotia

By Bernard Simon in Toronto

ROYAL DUTCH SHELL'S Canadian subsidiary is to halt its 22-year oil and gas exploration programme off the coast of Nova Scotia in the latest setback in the development of Canada's energy resources.

Shell Canada said yesterday it would close its offices in Halifax when drilling on a final well was completed.

Mr Lorne Kingwell, general manager for frontier exploration, said the company had made several attractive offshore gas discoveries since drilling began in 1969, but none were large enough to be developed under current pricing projections. Mr Joel Matheson, Nova Scotia's Mines and Energy Minister, said an oil price of US$20-25 a barrel was needed to justify offshore production.

Shell and its partners have spent C$730m (£365m) and drilled 63 wells off the Nova Scotia coast. Earlier this year, a consortium led by two Canadian companies, Husky Oil and Bow Valley Resources, said it was pulling its last rig out of Nova Scotia.

The cutbacks in oil and gas exploration are a major blow to eastern Canada, where high energy prices earlier this decade raised hopes of a bright economic future. Far from the major markets of North America and with a limited resource base, the region depends heavily on Government subsidies. It has a lower average income and a substantially higher unemployment rate than the rest of the country.

Mobil Oil Canada, which has advanced furthest in developing offshore gas deposits, said yesterday that drilling activity near the venture field, about 150 miles south-east of Halifax, will end in the next few weeks. However, the company has begun negotiations on new exploration agreements.

The collapse in energy prices and the phasing-out of generous government grants for frontier exploration has also dampened prospects for development of oil and gas deposits off Canada's arctic coast. Despite a promising commercial discovery in the Beaufort Sea, Gulf Canada and Dome Petroleum will suspend their Arctic drilling programmes later this year.

### Canute James in Kingston talks to Jamaica's Opposition leader

## Manley takes guard for next innings

"I AM now doing something which I find very enjoyable. I am writing a book on the evolution of West Indian cricket, using it as a metaphor for Caribbean social history." This, along with efforts to secure another term as Prime Minister of Jamaica, is the current preoccupation of Mr Michael Manley, leader of the social democratic People's National Party.

He has few doubts about the *eventual success of either* the literary or political undertaking. In late July the PNP scored a landslide victory in municipal elections over the conservative Jamaican Labour Party led by Mr Edward Seaga, the Prime Minister.

But the early return of Mr Manley is likely to be frustrated. For, in rejecting Mr Manley's call for a general election, Mr Seaga is playing by the constitutional rule-book, and says he will not call a general election before one is due in two years.

Mr Manley, whose party refused to contest a snap general election called by Mr Seaga in December 1983 amid a row over the state of the electoral register, is impatiently champing at the bit.

"We will not see 12 months pass without starting action towards getting Mr Seaga to call a general election," he says. The nature of the likely action concerns most Jamaicans, for politics on this island of 2.3m people is affected by religious and tribal passions.

The rising expectations of Mr Manley's supporters, buoyed by the belief that the PNP is sure to win a general election and Mr Seaga's refusal to go to the polls, provide an explosive mix.

"We do not intend to breach the constitution or the peace," explains Mr Manley, who will be 62 in December. "We will not resort to violence, but the constitution allows peaceful protest, and we will be mindful of the effect of what we do on sensitive economic interests such as tourism."

Michael Manley: Champing at the bit

Eight years of PNP Government led by Mr Manley ended in 1980 in a humiliating defeat by Mr Seaga's Labour Party. Mr Manley had called an early election after rejecting economic austerity measures suggested by the International Monetary Fund (IMF) as conditions for continuing financial support. Mr Seaga recently criticised the IMF in words which sounded like Mr Manley's script of six years ago.

Despite support from the Fund, Jamaica's economy, based on bauxite, tourism, sugar and bananas, has stagnated over the past decade.

"A lot of things went wrong in 1979," the PNP leader recalls. "We had a model that contemplated an active and dynamic place for the private sector, but the poor relations which developed with the sector meant it was not pulling as it should.

"We were caught without the general recognition which now exists of how difficult the IMF is and how wrong its policies are. A rallying of sympathetic support for a Government in our circumstances just was not on the cards at that time."

To that list must be added Mr Manley's close relations with Cuba, which frightened local business and conservatives, and infuriated Washington, and confusion over Government policy with conflicting statements from the PNP's moderate and left factions. Not unlike Mr Neil Kinnock, in the British Labour Party, Mr Manley has done battle with the PNP's left, leaving it relatively silent.

He has promised that if he is re-elected he will restore diplomatic links with Cuba, which Mr Seaga severed in 1981. "But we will not repeat the high profile of the previous links," he says.

"We have been deliberately and successfully mending fences with Washington," he adds. "I will never be regarded by Mr Reagan as fondly as Mr Seaga is but that is not to say that I am not mending fences. What we are seeking is an amicable respectful relationship."

To deal with the chronic problems of the Jamaican economy, Mr Manley has left the door open for an IMF presence. "We have to be realistic," he says in explaining that any pact between a PNP Government and the Fund would have to take into account the Administration's priorities. "We would make no concessions to the IMF."

The opposition leader says he welcomes Mr Seaga's recognition that the IMF " . . . as it now operates is not to the advantage of Third World countries." Inevitably, the Fund is playing an important part in Jamaica's politics. Mr Seaga has promised that unless current talks with the Fund on a new credit package are successful, he will implement a "contingency economic programme."

Mr Manley argues that this programme cannot be effected without the Jamaican people, through an election, being given the choice of deciding whether the Labour measures, or those of the PNP are the ones they want.

There are few details so far of either plan. Mr Seaga has promised that he will give details only if he is forced to implement the programme, but an indication of the PNPs proposals can be gleaned from Mr Manley's attacks on Mr Seaga's economic policies.

"Under his restructuring programme Mr Sega has opened up the economy to a flood of imports, and is pushing exports willy-nilly. He has taken the economy back to the early 20th century pattern of total dependence on imports."

If he succeeds in his try for another term, Mr Manley will be faced with one of the problems which dogs Mr Seaga—managing the island's $3.5bn foreign debt, which demands a 40 per cent service ratio. Mr Manley, a vice president of Socialist International, the confederation of social democratic parties, says he will adopt and implement the organisation's proposal for a ceiling of 20 per cent on the debt service ratio.

After 35 years in politics, Mr Manley refuses to be drawn on his plans after the next general election, and after possibly another term in office. "I am really enjoying this book on cricket," he says.

## Unifil may have to retrench, says Chirac

UNITED NATIONS troops in Lebanon may have to retrench after the killing of several French soldiers, Mr Jacques Chirac, the French Prime Minister, told the UN General Assembly yesterday, our UN Correspondent writes.

He said the force was no longer just being caught in sporadic clashes between the conflicting elements it was supposed to separate, but had become the target of assaults.

"The situation had become intolerable, he said, but he gave no indication that France might withdraw its contingent, the largest in the UN force.

On Friday, the UN Secretary General, Mr Javier Perez de Cuellar, said he could not recommend pulling out the force, in spite of the attacks upon it, but if the situation continued the Security Council might have to consider that possibility.

Mr Chirac said unresolved conflicts and injustice were a source of terrorism, but "the rising tide of intolerance and fanaticism" must also be denounced.

The world community must condemn "the complicity of states that are willing to close their eyes to terrorist organisations' activities, or that do not hesitate to use them to their own advantage and even actually encourage them."

Calling for concrete measures by the UN to follow up its unanimous condemnation of terrorism, he said that, in particular, there was need to strengthen air and maritime security.

● Israel yesterday called for tough mandatory penalties for terrorist attacks on air travellers, including a life sentence if lives are taken, Reuter reports from Montreal.

The Israeli proposals, presented to the International Civil Aviation Organisation (ICAO) assembly, also called for air piracy agreements to be amended to allow states to prosecute terrorists whose crimes were committed elsewhere.

# WORLD TRADE NEWS

## Kraftwerk beats rivals in bid for Egypt's N-plant

BY TONY WALKER IN CAIRO

KRAFTWERK UNION of West Germany is expected to receive soon a letter of intent from Egypt opening the way for detailed negotiations on the construction of a nuclear power plant, valued at about $1.6bn (£1.08bn).

The choice of KWU as the successful tenderer after a protracted bidding phase does not, however, mean that Egypt is absolutely committed to proceeding with the project. Egypt's financial difficulties may in the end force an indefinite deferral.

KWU emerged the winner in a final bidding session held earlier this week in Cairo. Its main challenger was a consortium led by Westinghouse of the US, which could not match KWU's bid.

The difference between the KWU and Westinghouse offers was between $100m and $200m. A third contender, Framatome of France, did not participate in the final bidding session.

KWU has, for more than a year, been the front runner for the contract to build the Arab world's first functioning nuclear power plant. But a final decision has been repeatedly delayed.

A technical evaluation committee, relying in part on a report of the Swiss consultants Moto Columbus, last year recommended KWU for the 1,000 MW plant to be located 160 km west of Alexandria on the Mediterranean coast, but a ministerial committee was unable to make a final decision.

Hermes, the West German credit agency, supported KWU's bid, offering a DM 2bn credit facility. Exim Bank of the US providing $300m backing for the Westinghouse bid.

Egypt says it has earmarked a special $700m fund for construction of the El Dabaa plant, but doubts persist as to whether such funds are available.

Egypt is facing increasing problems servicing its $38.5bn foreign debt. The IMF, in a recent report, noted a worrying build-up of arrears on debt service payments.

Egypt's nuclear programme, which had envisaged the construction of eight units by the year 2005 at an estimated cost of $35bn, was impossibly ambitious. Even if Egypt goes ahead with the El Dabba project, the power station would not be in service before the mid 1990s.

## Philippine nuclear plant to make way for coal power

BY SAMUEL SENOREN IN MANILA

THE state enterprise National Power Corporation is to build a conventional coal-fired electric plant at a cost of about $300m (£204m) to replace a completed nuclear plant which the government of President Corazon Aquino has decided to dismantle.

The nuclear power plant which was completed last year at a cost of about $2.1bn was contracted by National Power from Westinghouse of the US to provide 600 MW of electricity.

National Power said it has received offers from international companies to build the coal thermal plant which will be located south of Manila. Among those which offered to undertake the project on a turnkey basis were Bechtel Corporation, Mitsui and Mitsubishi.

The planned generating plant is among six major energy projects which National Power intends to pursue in the next few years at a total cost of more than $1bn.

The Aquino Government plans to sell key components of the nuclear plant to raise financing to pay off an estimated $1.7bn which was incurred in building it.

It is also questioning the foreign loans extended to build the plant on the ground that they were misused by the government of former President Ferdinand Marcos. The accusation, which has been denied by Westinghouse, has yet to be fully substantiated.

## Canada–US free trade talks under veto threat

By Bernard Simon in Toronto

THE Canadian Provinces of Ontario and Quebec have added a serious complication to US-Canada free-trade talks by asserting a right to veto any agreement between the two governments.

The premiers of Canada's two most industrialised provinces made their demand as the two free-trade negotiating teams prepared to meet in Washington yesterday for the final three-day session in the first phase of the negotiations, which began last May.

The four meetings held so far have centred on subjects to be included in the negotiations and the identification of barriers to bilateral trade. An official of the Canadian Trade Negotiations office in Ottawa said yesterday that some of the areas to be discussed will include customs procedures, government procurement policies, subsidies, trade in services and safeguards.

The demand by Ontario and Quebec for a veto follows several meetings between Prime Minister Brian Mulroney and premiers of Canada's 10 provinces to clarify the provinces' role in the talks. Ottawa has so far promised only to consult the provinces throughout the negotiations.

Although the federal government has an undisputed constitutional right to negotiate foreign treaties, many aspects of Canada's international trade fall within provincial jurisdiction. The provinces themselves have a number of restrictive devices favouring local producers.

*Quebec's premier Mr Robert Bourassa said in Toronto that the province "reserves the right, once negotiations are concluded, to make a final evaluation in light of our fundamental interests, and to grant or refuse our approval."* His Ontario counterpart Mr David Peterson endorsed Mr Bourassa's views.

Both Ontario and Quebec have expressed reservations about free trade, reflecting fears that many industries in the two provinces will be unable to compete with lower-cost US manufacturers.

Mr Bourassa said while Quebec supports free trade in principle, it wants adjustment programmes, transition periods and provisions to protect domestic jobs against a surge in imports from tha US.

## Patrick Cockburn in Moscow on the shake-up of foreign trade

# Soviet plan to boost joint ventures

A CENTRAL aim of the Soviet decision to end the Foreign Trade Ministry's monopoly control over exports and imports, announce this week it is to make it easier to set up joint ventures with Western companies.

In the biggest shake-up in the organisation of Soviet commerce since the 1920s, the new decree gives some 21 ministries and 67 state enterprises the right from the beginning of 1987 to import and export on their own account outside the control of the Ministry.

Soviet foreign trade, worth a total of $80bn last year, consists largely of the export of raw materials such as oil products and gas and the import of machinery and grain. Soviet manufactured exports, apart from arms, are very limited.

The weakness of the Soviet trading position has been underlined by the fall in the price of oil and a steep decline in the Soviet terms of trade. Its exports are largely denominated in dollars and imports in West European currencies. It now takes five times the amount of Soviet crude to buy one West German machine tool as it did when the price of oil was at its peak.

Under the new decree it is hoped that manufactured exports by those industrial ministries considered to have export potential will be increased. These 21 ministries, out of a total of about 60, will be given priority in allocation of foreign exchange if the equipment purchased can be used to increase exports or substitute for imports.

The reorganisation will initially affect only some 6 per cent of Soviet foreign trade because the Foreign Trade Ministry's *control of raw materials exports* and imports will not be affected. The ministry will also continue to handle the import of new plant requiring major foreign investment and the imports of Soviet ministries which only occasionally need to buy goods from abroad.

Under a new organisation, called the State Foreign Economic Commission of the Council of Ministers (SFECCM), the 21 ministries will be able to establish direct links with foreign suppliers for imports of equipment.

They will be able to arrange compensation deals and use 90 per cent of their hard currency export earnings to import equipment to increase production capacity for home or foreign markets. The Government will take 10 per cent of their hard currency earnings in tax.

In the past Soviet enterprises, even where they prodnce a product with export potential, have seen little benefit in exporting since they received no benefits thtemselves and had to produce *better quality goods. The Vaz* car plant at Togliatti is one of the few Soviet enterprises to sell manufactured exports requiring major capital investment directly in foreign markets.

The enterprises will still have to receive authorisation from the Foreign Trade Bank (FTB), where hard currency deposits must be made, but the bank will open branches all over the Soviet Union. Final say by the bank allows the state still to have final control over spending and imports. The FTB is a powerful institution which should allow Moscow to avoid a flood of imports as happened in Poland in the 1970s and China in the 1980s.

Enterprises will have access to foreign currency which they have earned themselves or which will be advanced in the form of a four-year hard currency loan by the bank. to ba repaid out of export earnings.

At the moment, the Foreign Trade Ministry exercises its monopoly over commerce *through a large number of* foreign trade organisations, some of which will now be split up and their different departments hived off to the appropriate ministry. Some ministries already have import and export departments but in the past the final say was always with the organisations.

The Soviet Union also intends to decentralise its external commerce to make it easier to set up joint ventures with Western companies, say Western diplomats in Moscow. This idea emerged earlier this year but wes never spelled out.

It now appears that the Soviet Union wants to promote joint investment on a 51 per cent Soviet 49 per cent Western basis. These companies will be able to repatriate profits, control the prices of their own products and not be subject to any control by the state planning organisation Gosplan.

Joint venture companies will also allow the foreign partner to have a say in management and quality control. In the past the Soviet side refused Japanese companies the right to appoint their own quality control manager in joint venture projects, which as a result did not get off the ground.

Soviet officials, aware of their lack of marketing organisations, are clearly conscious that they need Western marketing networks.

The new state committee will also try to promote Soviet and Western supply of plant to third countries. This may prove attractive to companies wanting to do business in countries such as Libya or Iraq which have close links to the Soviet Union.

Foreign companies have so far proved cautious about the idea of joint ventures. But the decentralisation of the powers of the Ministry of Foreign Trade, combined with a campaign against corruption within the foreign trade organisatio11 *is disrupting traditional links* between suppliers and clients. This will probably lead to ministries looking for alternative suppliers.

**SOVIET FOREIGN TRADE PERFORMANCE**
January-June 1986*
Foreign trade Roubles, bn

| | 1985 (1st half) | 1986 (1st half) |
|---|---|---|
| **Trade turnover** | | |
| All countries | 70.4 | 67.3 |
| Socialist | 43.2 | 45.2-45.7 |
| Non-socialist | 27.3 | 21.6-22.6 |
| Non-socialist, US$bn | 31.2 | 29.7-30.4 |
| **Exports** | | |
| All countries | 34.2 | 33.5-34.5 |
| Socialist | 21.5 | 22.8-23.1 |
| Non-socialist | 12.7 | 10.4-11.7 |
| Non-socialist, US$b | 14.5 | 14.3-16.1 |
| **Imports** | | |
| All countries | 36.2 | 32.8-33.8 |
| Socialist | 21.6 | 22.4-22.6 |
| Non-socialist | 14.6 | 10.2-11.4 |
| Non-socialist, US$bn | 16.7 | 14.0-15.7 |

* Plan Econ estimate based on officially reported 4 per cent drop in total trade turnover to R67bn, a level of exports of R34bn as reported in the Soviet press, and official foreign trade performance during the first quarter 1986, as reported in "Foreign Trade."

## EEC, Comecon talks break up

The EEC and the Soviet-led Comecon trading block ended secret talks yesterday on ways to establish formal relations. They are considering holding a second meeting, according to an EEC statament, AP reports from Geneva.

The three-day discussions "did not touch upon specific areas of co-operation," bot focussed on a draft joint declaration

## Turkey to increase trade with Iran

TURKEY has agreed to buy np to $500m of non-oil products fr)m Iran in an attempt to boost trade between the two countries to $2.2bn his year.

Turkey has been one of tha chief suppliers of Iran since the Gulf War began in 1980. Last year Turkish exports to Iran were worth $1,078m, while Iran's exports to Turkey, mostly of crude petroleum. reached $1,264m.

Iran is believed to have told Turkey earlier this year that as a resulto f the fall in crude oil prices, Turkey would have to buy substantial quantities of non-oil products or prodncts for re-export.

Proposals by Iran to sell minibuses and buses to Turkey are currently being studied by government firms. If the deal goes ahead, the Iranian buses would be marketed by a Turkish firm, probably Otomarsan, the local subsidiary of Mercedes Benz.

Turkey proposes to export $300m worth of plastics and chemicals, $215m of machinery and spare parts, $200m of iron and steel (conditional on some re-exports), and $30m of paper and pulp.

Iran's non-oil prodncts include $83m of unspecified mining products, $67m of textiles, $114m for trucks and buses; and $42m of leather goods.

## Finland gloomy on exports to Moscow

By Olli V. Virtanen in Helsinki

FINLAND EXPECTS exports to the Soviet Union to decline by e fifth in 1987 because of the low value of oil imports in the barter trade between the two countries.

Trade with the West, however, is expected to grow by 5 per cent, leaving Finland with a decline of 0.5 per cent in visible exports, compared with 1986.

The estimates are contained in the Government's budget proposal presented to Parliament this week.

Officials at the Ministry of Finance concede, however, that the 20 per cent decline in trade with the Soviet Union may be optimistic. Some estimates put the figure at around 40 per cent.

Finland's top export performer is expected to be the forest industry while metal, textiles and food industries are projected to lose ground in Western markets.

Overall, imports are expected to grow by 1.5 per cent with Finland's trade balance declining to FM 6.5bn ($1.3bn). The balance of payment deficit, however, will grow from FM 1.2bn to FM 1.7bn next year.

Finnish trade officials are in Mosco this week where they face their toughest-ever negotiations with their Soviet counterparts.

The reason for the bleak prospects is the effect of the declining oil prices on the barter agreement between the two countries which stipulates that exports will be balanced by imports.

## Westinghouse in French venture

WESTINGHOUSE Electric Corp has reached a deal with French computer firm Industrie et Technologie de la Machine Intelligente (ITMI) giving Westinghouse improved access to the French market, Mr Jean-Claude Latombe, ITMI president, said yesterday.

The financial, technical and commercial accord will co-ordinate research and sales activities and give Westinghouse a 16.8 per cent stake in ITMI and a 4.7 per cent stake in ITMI's US subsidiary Semiotics.

ITMI, based near Grenoble, was set up in 1982 and expects a turnover this year of FFr 20m ($3m).

# Austin Rover is still languishing in car market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MR GRAHAM DAY, chairman and chief executive of the Rover Group, formerly BL, today will announce the half-year results, knowing that Austin Rover, the volume car subsidiary, so far has made no recovery from its recent poor showing in the UK car market.

In the first 20 days of September, Austin Rover's share languished at 14.6 per cent, down from 16 per cent in August and well below the 18 per cent achieved in 1985.

Rover already has revealed to the unions, when pay talks started recently, that Austin Rover suffered an operating loss of about £60m in the first half of this year, compared with a £600,000 profit in the same months of 1985.

Some observers estimate Austin Rover's full-year operating loss could be about £90m, and there is considerable speculation about possible further management changes now that Mr Day, who joined from British Shipbuilders in May, has settled in.

The two former Rover Group executive directors, Mr Ray Horrocks, who ran the car division, and Mr David Andrews, responsible for commercial vehicles, have already resigned.

Society of Motor Manufacturers and Traders statistics show that total car sales have fallen sharply this month following the record August. After 20 days of September registrations were 11 per cent below those for the same period last year at 97.079.

Ford, which claimed that it was short of some popular models to August, continued to increase its market leadership with a 28.8 per cent in the first 20 days of September compared with 26.5 per cent for last month.

General Motors, the Vauxhall-Opel group, has also suffered a sharp setback in market share this month and after 20 days accounted for 12.6 per cent of total car sales compared with 14.6 per cent in August and 16.6 per cent for 1985.

# Consumer groups seek action on EEC rulings

BY LYNTON McLAIN

EUROPEAN consumer organisations are to meet Mr Michael Howard, president of the council of ministers for consumer affairs, at the European Community today to press for action on common EEC consumer policies. Mr Howard is the UK minister for corporate and consumer affairs.

In a letter setting out its objectives, the consortium of consumer organisations in member states of the European Community, told Mr Howard that it was "essential to establish what are the European consumer protection measures necessary to achieve the commission's ambitious aim of a common market without frontiers by 1992."

The consortium wants the next European Community consumer council meeting on October 29, under the presidency of Mr Howard, to take decisions on protecting consumers over credit issues. The consumer organisations want the commission to be given "a clear mandate and timetable to come forward with a follow-up directive on the annual precentage rate." This would allow consumers to compare different credit offers and would discourage indebtedness.

The consumer organisations also have long-term aims including legislation on product safety, the protection of consumer interests against unfair commercial practices and a request that consumer interests be taken into account in other EEC policies.

# Worries grow over removal of the oil revenue cushion

**Philip Stephens** reports on trends in trade behind Britain's worst balance of payment figures

LAST MONTH'S dramatic rise in Britain's trade and current account deficits may prove to be one of those erratic fluctuations which bedevil all economic data, but there is no escaping the underlying deterioration in the trade position over the last year.

Part of that is a straightforward reflection of the halving of the oil price which drastically reduced export revenues from the North Sea. The surplus on oil trade totalled £771m in the three months to August, down from just over £2bn in the same period in 1985.

There are also distinct signs, however, of more fundamental problems. One of the best guides to the underlying trend is found in the Department of Trade and Industry's volume indices for exports and imports, which strip out the distortions on the value of trade flows caused by exchange-rate movements and price changes.

The export index stood at an average of 118.6 in 1985 (1980=100). For the latest three months, June to August, the index averaged 121.5. That means the volume of exports has risen by around 2.5 per cent in the latest three months compared with the average for last year.

Given the sluggish pace of world trade, that in itself is not alarming, but the contrast with the trend in imports is startling. The import index averaged 125.8 (1980=100) in 1985. Between June and August this year the average was 135.3, showing the volume of imports rising by 7.5 per cent, three times faster than exports.

The clear implication is that the rapid growth in the real incomes of those in work in Britain and the consequent strength of consumer spending is being capitalised on by overseas producers, not by British companies.

There are some more hopeful signs for the future. The traditional lags before trade volumes adjust to exchange-rate changes suggest that British exporters have still to feel the benefit of sterling's sharp depreciation since the beginning of this year.

The expected revival in world trade in coming months should thus put British exporters in a good position to capitalise on the increased competitiveness resulting from sterling's fall.

A lower exchange rate will also boost the sterling value of income from Britain's overseas assets, suggesting that the current official "guestimate" of a £600m monthly surplus on invisible transactions may understate the real position.

Simulations by the Treasury and Bank of England suggest that over time these factors will offset the impact of declining oil revenues.

There is none the less considerable unease among economists that the removal of the cushion provided over the last five years by ever-rising oil export revenues could signal the return of the "external constraint" which dogged British economic policy during most of the 1960s and 1970s.

The National Institute for Economic and Social Research, among the most pessimistic of forecasters, is suggesting that the £3bn current account surpluses typical of the past few years could be translated into a £6bn deficit in 1987.

**Max Wilkinson** on a report urging efficiency

# Call to ensure energy supplies

BRITAIN needs a much better co-ordinated policy for ensuring its future energy supplies, says a report published yesterday by the Institute of Energy, the professional body for engineers in the energy sector.

The report, produced by a group led by Professor Ian Fells, professor of energy at Newcastle University, suggests in particular that more emphasis should be put on energy saving and increased efficiency.

It says that the latest technology could be applied to produce considerable savings. In domestic and institutional buildings, improved insulation could reduce fuel consumption by up to 50 per cent.

The group also advocates a change of policy to encourage more use of public transport in urban areas, by legislation or changes to the tax system. In the longer term it suggests that town cars will need to run on batteries or hybrid small engine and battery systems.

However, it says: "A policy to use energy more efficiently cannot rely solely on self-discipline, or the pressure of costs."

Although the UK Energy Efficiency Office at the Department of Energy tries to identify the most promising opportunities for savings, regulations may be needed to set minimum energy-saving standards for buildings and machinery, the report says.

The report also suggests the need for an overview of investment priorities in different energy sectors. Oil and gas exploration and recovery, coal mines, electricity generation plant, transport and transmission could all produce greater energy efficiency. It says that governments in most countries have intervened to promote and co-ordinate investment in energy, and this should similarly be a feature of UK energy policy.

On a global scale the report says that energy reserves look generally better than they did in 1972, when the institute produced its last report. In 1971 oil reserves were expected to last for between 18 and 18 years, but present projects suggest a life of 30 to 32 years for conventional oil reserves. Taking all future reserves into account, oil could be expected to last for 116 years. This could be extended to a maximum of 446 years if expensive oil from tar sand and shale rock was added.

The report says the world's known coal reserves will last for between 120 and 180 years at expected rates of consumption. However, if future reserves, including lignite or "brown coal," were included, the life of the reserves might be 2,500 years. Present reserves of uranium, however, would last for only about 36 years.

*Energy for the Future, 1986, from the Institute of Energy, 18 Devonshire St. London, W1N 2AU, price £25.*

# Labour 'out of step' with tax proposals

CONSERVATIVES stepped up their attacks on Labour policies yesterday in the run-up to next week's Labour Party conference in Blackpool, John Hunt writes.

Mr Nigel Lawson, Chancellor of the Exchequer, singled out Labour's taxation proposals and repeated his claim that they would mean a 70 per cent marginal rate of income tax for well over 1m people.

The Government's policy was clear, he said. It wanted to see lower taxes for everyone, and this aim was shared by governments in many other industrialised countries. Over the past few months the US, France and Germany had all announced plans to reduce income tax. In Britain, however, opposition parties "resolutely march in the opposite direction vying with each other over who would increase taxes most," he said.

He said that, if Mr Roy Hattersley, Labour's shadow Chancellor, was able to raise his projected £3.6bn, it would affect many families well below the top 5 per cent of taxpayers and would still cover only a small fraction of Labour's public expenditure commitments.

**Liberal assembly report, Page 7**

□ SIX charges of theft totalling about £2,500 against a former assistant manager in the banking department of Johnson Matthey Bankers, which collapsed in October 1984, were only sample or holding charges, Guildhall magistrates in the City of London were told.

Mr Michael Flawa was remanded on unconditional bail until December 3. Reporting restrictions were not lifted.

□ SIR MICHAEL HAVERS, the Attorney-General (Government's senior legal offic er), announced that he would stand down as MP for the London constituency of Wimbledon at the next general election – a decision that immediately led to strong speculation that he would be the next Lord Chancellor, the legal minister who presides over the House of Lords and senior courts.

□ MR NICHOLAS HORSLEY is to give up his post as chairman of Northern Foods and hand over the top seat on the board to Mr Christopher Haskins, group chief executive. Mr Horsley said health problems had affected his mobility and he also had an extra workload as a result of his appointment last April as chairman of the newspaper, News on Sunday.

□ BRITAIN'S 126,000 coal miners last week achieved a new productivity record by producing 3.34 tonnes per manshift, British Coal said. The new peak was achieved despite an overtime ban in the south Wales coalfield.

□ NEWS INTERNATIONAL is urging sacked printworkers to accept its package aimed at settling the eight-month-old dispute at Wapping, east London, and to "put the strike behind them."

□ HALIFAX Building Society revealed plans to establish a national estate agency chain. Its first acquisition is the north of England firm of Henry Spencer.









# DKB ECONOMIC REPORT

September 1986: Vol. 15, No. 9

## Lower commodity prices the key to expansion of domestic demand

The Economic Planning Agency has announced its White Paper on Economy for Fiscal 1986 entitled "the Japanese Economy in Search of International Harmony," the 40th issue since the first White Paper came out in fiscal 1947.

To start, the White Paper defines fiscal 1985 as a year that saw fundamental, optimistic changes in the world economic environment, in other words, an end to the era of the strong dollar, high interest rates, and expensive crude oil and primary products that have created distortions in the world economy.

The White Paper predicts that these changes will most likely promote a transformation of Japan's industrial structure dependent on external demand and thus help reduce Japan's trade surplus. At the same time, the paper stresses the need to expand domestic demand to promote growth of the Japanese economy.

The White Paper refers to the buildup of good-quality social stocks as main growth segments of domestic demand. Specifically, it cites: 1) investment in housing and infrastructure; 2) development of human resources, such as technological knowledge and human abilities; and 3) increase in external financial assets.

In conclusion, the paper says that, with the Japanese people's high level of talent and Japan's greatly improved national power, the Japanese economy will be able to transform its structure although it must undergo the painful aspects of friction and burden.

The White Paper thus welcomes the ongoing changes in the world economic environment — the dollar's decline, easing of interest rates and falling oil and primary products' prices. It adds that these changes will serve to promote Japan's structural changes and direct its economy toward new growth and international harmony in the medium and long term.

Despite the White Paper's optimistic analysis, Japan has immediate problems to tackle — the "friction and burden" brought about by the yen's rise.

**Ballooning trade surplus**

While the U.S. economy was in the doldrums, the U.S. official discount rate was reduced unilaterally on July 11. Due to this situation, the yen has been under buying pressure and broke the ¥153 to the dollar barrier on August 4.

Despite the yen's ascent, Japan's current-account balance showed a record surplus of $35.8 billion in the first half of 1986, about 80 per cent larger than the $20.1 billion surplus in the corresponding period of 1985.

The factors behind the ballooning surplus were: 1) the value of dollar-based exports grew 19.2 per cent during the first half due to the J-curve effect although the volume of exports declined; 2) the value of dollar-based imports showed a limited increase of 8.8 per cent due to a fall in crude oil prices (if the price of crude oil had been unchanged from a year earlier, imports would have been $4.6 billion larger or would have posted a rise of 9.3 per cent); and 3) stepped-up investment in foreign securities served to reduce the deficit in the invisible trade balance by increasing interest and dividend income.

Japan is expected to keep running huge surpluses in its current-account balance for a while on the grounds that a sharp rebound in the crude-oil market is unlikely and that, with the yen still appreciating, the J-curve effect will continue in force. Furthermore, the yen's climb may gather further momentum due to these reasons.

**Declining export volume**

While dollar-based exports are swelling, export volume showed a year-to-year drop of 0.7 per cent in the second quarter of 1986 after leveling off in the first quarter.

During the first half of 1986, the sluggish U.S. economy as well as the impact of the soaring yen slackened exports to the U.S. in volume terms. Shipments to China also plummeted in volume because China implemented import restrictions to reduce its trade deficit and prevent its foreign-currency reserves from decreasing.

By contrast, shipments to Europe, in particular the European Community, are still growing as the yen has not appreciated against European currencies as much as the dollar. There is a possibility that Japan's trade relations with the EC will deteriorate.

**Sluggish output**

The export slowdown has become a drag on mining and manufacturing output and shipments.

Mining and manufacturing output in the second quarter of 1986 slipped 0.6 per cent from a year earlier, a swing from a 1.3 per cent rise in the first quarter. This was the first time since the first quarter of 1983 that quarterly output fell below the year-earlier level.

The decline in industrial output was also estimated at some 2 per cent for both July and August.

Producers' shipments in the second quarter also posted a year-to-year fall of 0.3 per cent after the first quarter's rise of 1.1 per cent.

Export shipments shrank most notably during the first half of the year. Meanwhile, domestic shipments became sluggish since the export slowdown was believed to have indirectly discouraged export-oriented firms from increasing capital investment. It can be said that the slower export growth had a great influence over Japan's mining and industrial production activities, both directly and indirectly.

**Keys to growth**

Domestic demand is expected to replace exports as the major force behind Japan's economic growth. Let us examine the growth of personal consumption, the main pillar of domestic demand.

Households' real consumption expenditures inched up 8.3 per cent in April from a year earlier and another 1.5 per cent in May, a slight recovery from the 0.2 per cent decline in the first quarter of 1986.

However, personal consumption seems to remain weak. First, this year's spring wage negotiations resulted in a small pay hike of 4.6 per cent and summer bonuses produced a limited rise of 2.1 per cent, with overtime work decreasing. In addition, regular employment growth is declining.

Since nominal income growth is likely to remain slow, lowering of the general price level will be necessary to expand personal consumption in real terms.

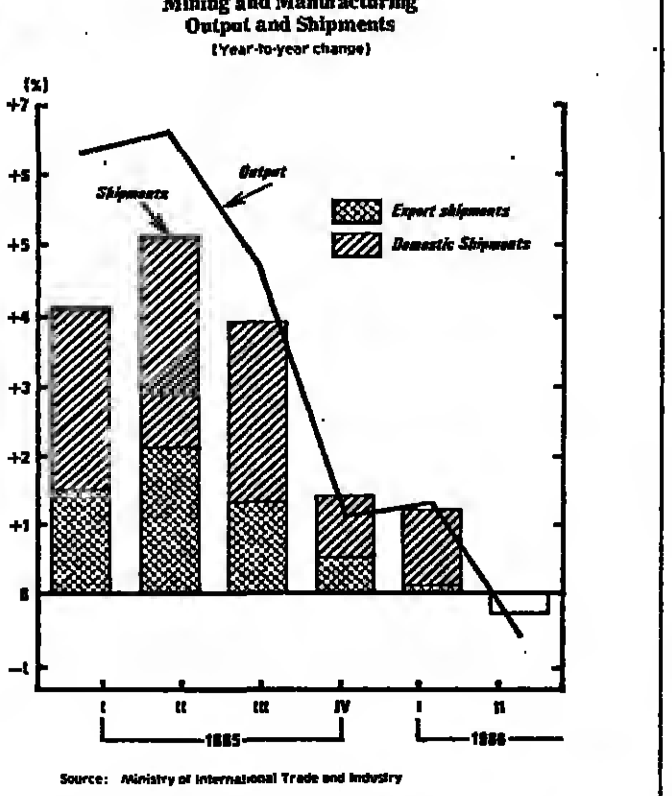
At present, prices are quite stable. However, while wholesale prices of imported goods are declining sharply due to cheaper crude oil and the rising yen, wholesale prices of domestic goods and consumer prices have yet to fall by that much.

According to the report announced in July by the Economic Planning Agency, the manufacturing sector's input price index, a measure of materials costs, is plummeting, but the same sector's output price index, a barometer of manufactured goods prices, is showing a relatively small decline.

The report points out that the benefits of the yen's rise have not yet been fully passed on to the economy partly because the market mechanism does not work in some cases.

It should be concluded that Japan's most important task now is to encourage lower commodity prices, one of the great advantages of the strong yen and thereby boost personal consumption and other domestic demand segments, which will offset the negative impact of the mighty yen.

Mining and Manufacturing Output and Shipments
(Year-to-year change)




Source: Ministry of International Trade and Industry

# UK NEWS

## Steel accelerates bid to repair split on defence

BY PETER RIDDELL, POLITICAL EDITOR

MR DAVID STEEL, the Liberal leader, yesterday won the backing of his MPs and parliamentary candidates for a renewed and accelerated search for a joint Alliance defence policy with the Social Democratic Party (SDP). This followed the highly damaging rebuff to Mr Steel on Tuesday when the Liberal assembly in Eastbourne narrowly voted against a possible British/French nuclear deterrent after Polaris.

There was yesterday considerable backbiting at all levels of the Alliance as Liberal MPs and delegates realised the possibly serious impact of the vote electorally. They fear that it will provide considerable ammunition for the Tories and Labour by focusing on Alliance divisions which will be underlined again today when the Liberals take a different view from the SDP on civil nuclear power.

Mr Mike Thomas, the former SDP MP who is close to Dr David Owen, the party leader, yesterday annoyed many Liberals by describing the assembly as "a ramshackle gathering" and said the vote was "very serious."

Mr Steel himself immediately counter-attacked, starting at a heated late night meeting of MPs when he urged greater self discipline. He made it plain in interviews yesterday that, given a majority of only 27 votes out of 1,300 cast, he would carry on with his recently started initiative with Dr Owen to explore the possibility of a joint European nuclear deterrent.


Mr David Steel

Mr Steel has decided to rewrite his closing speech tomorrow to concentrate on defence. He has already talked to Dr Owen ahead of a joint television interview tonight.

The two leaders are aware of the tight timetable ahead of a general election and want decisions to be accelerated if possible. After Mr Steel visits West Germany next week, further European meetings are planned, and the two parties' policy committees will hold joint discussions.

One possibility is that any deal would be put to a meeting of all parliamentary candidates for approval in December or January, and last night, the Liberal Parliamentary Association, representing candidates, suggested a joint meeting of all Alliance candidates then. Any policy could be ratified at a large rally of Alliance supporters planned for London at the end of January.

The main worry of Alliance leaders is over the presentation of Tuesday's vote since they believe that there are ambiguities in the amended motion which might allow eventual agreement. They point out that both parties have accepted a joint commission report which leaves open the possible replacement of Polaris.

Some Liberal MPs and prominent activists have criticised Mr Steel for rushing into the British/French plan against advice and without adequate consultation.

At a fringe meeting tonight Mr Steel is expected to be criticised for being out of touch as a result of having too limited a circle of advisers.

SDP and Liberal leaders last night sought to limit the political damage. Mr Jim Wallace, the party's defence spokesman, said that the Liberals remained opposed to unilateralism and were agreed on most defence policy with the SDP.

**Peter Riddell explains how party hopes of defence unity came unstuck**

## Alliance dream becomes a nightmare

### Liberal Party assembly

THE ALLIANCE'S nightmare has occurred. The attempt by Mr David Steel and Dr David Owen to resolve the differences between the Liberals and the Social Democrat Party (SDP) over nuclear defence through a British/French initiative has been unravelled, but not necessarily irretrievably.

There is no doubt about the immediate political damage as Liberal delegates discovered to their surprise reading yesterday's papers and watching television. Liberal MP's had already faced up to the *implications at a heated late-night* post-mortem.

In retrospect, there are plenty of obvious reasons why the Liberal assembly narrowly voted to insist upon a non-nuclear future for Britain's contribution to European defence. This reflected past misunderstandings, mistrust between leaders and the introspection of party activists.

Yet the fundamental problems, which all these moves have – and will continue – to be aimed at resolving, is a long-standing difference between the Alliance partners about Britain's position of nuclear weapons. The Liberals have consistently opposed an independent British deterrent, and hence the replacement of Polaris, while the SDP believes that, unless there is a major change in international arms talks, Britain should remain a nuclear power and should be prepared to replace Polaris.

To resolve these and other differences the two leaders set up in 1984 a joint commission of politicians and experts to consider defence and disarmament as a whole. In a carefully balanced compromise the report recommended that Polaris need not be replaced now, and "no decision on whether and, if so how, British nuclear weapons should be *maintained* beyond Polaris can properly be made except in the light of certain important criteria."

These included the progress of arms talks, the balance of relations within Nato and the range of political and technical alternatives to maintain a minimum European deterrent.

Initially, Dr Owen felt the wording was not sufficiently clear-cut, and he reacted to an accidental and partial leak by Mr Steel by distancing himself from the commission's report.

This provoked bitter clashes not only with the Liberals but also within the SDP leadership. However, tempers cooled after the holidays with other Alliance leaders regarding Dr Owen as more reasonable.

The two leaders sought a solution through talks with European leaders. This led to the now famous visit to Paris earlier this month when French politicians of all parties assured Mr Steel and Dr Owen of their interest in increasing nuclear co-operation with Britain.

Proposals were then floated for, first, co-operation on deployment and refitting of existing submarines and on targeting and, second, the use of the Vickers submarines now being built not as a launching pad for Trident missiles but for French ones. *However, separate political* control of British and French weapons would continue.

This plan, enthusiastically adopted by the two leaders, was presented as an alternative to an independent British deterrent. And, together with Dr Owen's eventual endorsement of the commission report, the leaders hoped the compromise would be acceptable to both Alliance conferences.

The SDP conference 10 days ago duly backed the plan, both because of its belief in the priority of Alliance unity and because SDP delegates thought there had been no concessions of substance.

The Liberal assembly is a less disciplined affair. Within very loose rules any party member who wishes can attend. People often come and go during the week so that fewer than 1,300 out of over 1,800 registered delegates voted on Tuesday.

The assembly is essentially a rally of enthusiasts, very conscious of its Liberal roots and always prickly about the SDP. Despite Dr Owen's conciliatory speech on Monday about disarmament, many activists resented the Alliance leaders pushing the British/French initiative without adequate consultation or discussion. They also felt the plan itself was flawed.

Moreover, Liberal delegates tend to be introspective, and on Tuesday virtually no one mentioned the wider political impact of being seen to divide the Alliance and rebuff Mr Steel. *That only sunk in to many* yesterday. The debate was also swayed by emotional anti-nuclear speeches with generally poor performances on the leadership's side.

The amendment, narrowly carried, can be seen as ambiguous and has been seen so since the vote by Mr Steel. He has argued that the proposers of the amendment did not preclude discussions with the French on current weapons while they also accepted that they could not get all of what they wanted in any joint Alliance programme. However, both the amendment and the proposers of the speeches clearly rule out the replacement of the present Polaris system even if they do not rule out short-term talks.

Hence, the net result of the two conferences is to reaffirm the long-standing approaches of the two parties. With a general election in sight some form of compromise will no doubt be agreed, but there are plenty of hurdles ahead to be overcome.

**ALLIANCE DEFENCE**

AGREEMENT: British membership of Nato, continuing US bases in the UK, cancellation of Trident, inclusion of Polaris in arms control talks and reduction in battlefield nuclear weapons.

DISAGREEMENT: SDP majority believes Britain will probably have to remain a nuclear power beyond Polaris in foreseeable circumstances. Liberal assembly, though not leadership, believes Polaris should not be replaced when obsolete and does not want a new European nuclear system.

The fear of Alliance strategists is the immediate result will be to push its opinion rating down well below the recent low point of 25 per cent, thus negating the normal boost expected after the conferences.

The *longer-term question*, which the other parties were not allowing the Alliance to forget, is that there are two fundamentally different views about British nuclear weapons within the Alliance and that only a fudge looks likely to cover the gap in the short term.

## Amari provides boost for metal exchange

BY STEFAN WAGSTYL

AMARI, one of Europe's largest independent metals and plastics distributors, is to join the London Metal Exchange in a move which will give the beleaguered market a needed confidence boost.

Amari is buying the metal trading business of Boustead group, an international trader which owns an LME seat. Mr Michael Brown, LME chief executive, yesterday said: "We are absolutely thrilled that we can welcome a company of the stature of Amari at this difficult time."

Amari will be the first company to join the LME since Shearson Lehman Brothers, a subsidiary of the American Express financial services group, started trading in July last year, a few months before the tin crisis erupted bringing heavy losses to many exchange members.

Since then, six traders have either left or announced plans to leave the exchange floor, cutting the membership to 22.

Ms Nicola Brookes, Amari's finance director, said yesterday that the company was still negotiating with Boustead. However, it is understood the deal should be completed by the beginning of next month. The LME authorities conditionally approved Amari's application to join the market at a meeting earlier this week.

Ms Brookes said the LME had a good future once it had sorted out its problems.

Amari is setting up a new company which will take over the staff, LME seat and client lists of Boustead Davis, Boustead's metals subsidiary. Amari is not buying Boustead Davis outright to avoid assuming any liabilities which might arise from the law suits which have hit the LME in the wake of the tin crisis.

Amari, which has expanded rapidly since it was floated on the stock market in 1984, is the UK's largest independent aluminium stockholder. Earlier this year it raised £10.5m in a rights issue to help fund a series of acquisitions in North America. The group made £7.34m pre-tax last year on turnover of £160m.

Joining the LME would put Amari in a position to offer hedging services to its considerable client list, particularly in aluminium.

Boustead, which confirmed it was negotiating with Amari, has made losses in each of the past three years, including losses in the tin crisis. The disposal of Boustead Davis has looked possible since the group sold its loss-making soft commodities business last year.

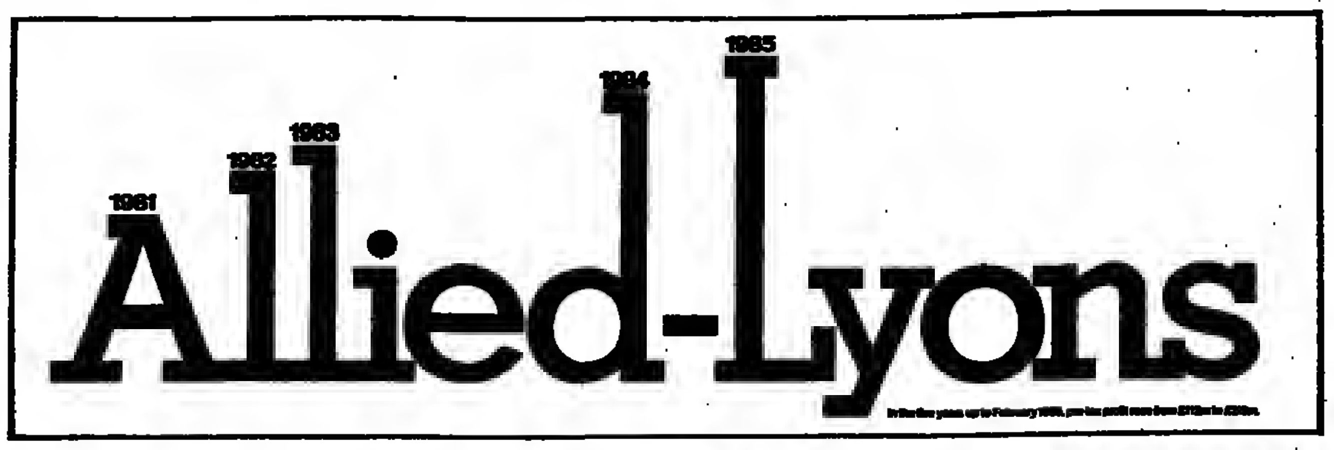
Uncertainty still surrounds the future of the LME. The exchange is considering reforms which are aimed at increasing efficiency and making the market conform with the rules of the Securities and Investments Board, the embryonic City of London regulatory body.

Commodities, Page 30

# MANAGEMENT SPECIAL: The Battle for Allied-Lyons

Christopher Parkes traces the UK brewing and food group's efforts to win institutional support

# Holding the front line




The company made stylised use of its name (above) in its advertisements to denote growth, while Elders went heavily on the attack. "Knocking" advertising was later to be vetoed by the Takeover Panel

## DAY 8
Monday, Oct 28 1985

THE AFTERNOON lobby group meeting started with a mild skirmish. Allied's men had been thinking over warnings about the list of people to be lobbied. "All hush-hush, don't let on we are lobbying for a reference. There's local authorities, the CBI, the world and his wife. How can we keep it quiet?" growled John Mills.

The Warburg steamroller trundled forward. "We are here to decide who are the main people to do the lobbying in the two-week programme and who is going to rehearse them in what to say," said Hugh Richardson.

Michael Dobbs—surprisingly absent at the first session, given Saatchi's links with the Conservative Party — suggested tackling Leon Brittan's officials before going on to the Secretary himself. "He's only just got the job and is likely to need to take advice. There's one key man in there . . ."

"He's resigned," said Mills gloomily. "Sir Derrick and Sir Alex are going through the list to see who they know in government and who they'll contact."

Richardson looked at his watch and chimed in: "We are talking about today week . . . You know I'm the pushy sort."

But the peripheral programme was already under way and getting reactions. An initial letter to MPs from managers of Allied companies had resulted in a cheering measure of support. But Richardson was unhappy. "Some of these regional people are probably better at making cakes than lobbying MPs." Allied's men, striving to involve their rank and file management, looked hurt.

The mood was not improved by the news that, once again, Elliott had stolen a march on them. Prominent in Australia's conservative Liberal Party, he had taken advantage of his connections to visit Central Office. Sir Derrick was promptly pencilled in for a countering call on Norman Tebbit, Tory Party chairman.

Richardson tetchily reviewed the list of contacts as yet unmade. Someone in the company had better get in touch with about 100 constituency MPs who had Allied companies on their patch. There were a further 21 with ministerial responsibilities, legal men, trade union MPs, Opposition spokesmen, Liberals, peers, select committees. The lobby would probably have to last more than the two weeks Warburgs had allowed. The timetable was being disrupted. The "knights of the shires"—

* * *

**Mark Seligman has a dummy of the defence document cover: burgundy, barley stalk in gold and a new slogan across the middle: "Allied-Lyons—an outstanding company."**

**"Anyone got any better ideas?" he challenges. A sullen silence.**

**"I like the boring, classy approach." A back-hander from Tony Pratt.**

* * *

Sir Derrick and Sir Alex—were going to be pushed for time.

At 4 pm, Harry Henderson of stockbrokers Cazenove was sitting alone in the boardroom, grimacing at the full-page newspaper advertisements placed by Allied and Elders. "Amazing, isn't it, that the company should spend so much on advertising to get at a couple of hundred people."

Introduced to the fly, he observed, clearly shocked: "You could do well out of this." The fly blinked, uncomprehending.

Henderson was the link man between the company, the Stock Exchange and the institutional fund managers who controlled the future of Allied. He had been called into the first of the weekly shareholders policy meetings, chaired by Allied's finance director, John Clemes, to discuss what could ultimately be the most vital campaign of all.

"The key item is getting at the institutions," began the indefatigable Richardson. Henderson shuffled his FT. He clearly did not think full page press ads were the way.

By contrast with the hesitancy, ill-temper and nervousness which had characterised many meetings so far, there was a bullish atmosphere. Clemes, a gaunt, clear-thinking man, was confident about offering the institutions a substantial set of interim figures and an equally if not more impressive full-year forecast.

"It's all pretty good news," said Richardson, with an eye to levering the Allied share price gently upwards and increasingly away from Elliott's 255p offer.

"We have got the share price stabilised at the moment a little bit above the offer. Do we need to push it up?" asked Clemes.

Henderson volunteered that turnover in Allied equity had virtually dried up and there was little pressure at the moment.

"The next stage is to persuade them that it will trade without a bid at about 275p, and get them thinking of £3 without a bid. I hope it will be nudging £3 by Christmas," he said.

The first task was for the company to prepare itself for a short, sharp verbal campaign to follow immediately on the heels of the Elders offer document.

Unfazed, Clemes undertook to be ready "within hours" of publication to brief Cazenove's men on the Allied response, and with answers to the most serious of Elliott's charges. Cazenove would then contact the main institutions to calm any nerves which might be twitching.

Cazenove's partners and salesmen would also need a visit from Sir Derrick to tell them more, insisted Henderson. "There's no use in our troops going to see these institutions without guidance."

Longer term, the company had to establish a series of senior executive teams ready to visit the institutions in person.

For the moment, said Henderson, the Allied board needed to put down a substantial marker with the top men in the institutions. "We need a decision made by the trustees and directors of the funds and trusts. This is too big a decision to be made by fund managers alone," Henderson stressed.

* * *

**A lawyer, who had sat blinking and silent during the rigmarole, passed on the intelligence that he thought 29 pages should be enough for the "charge sheet" to be submitted to the Office of Fair Trading.**

**"That sounds disturbingly succinct," snorted Richardson, holding his forefinger and thumb a good 2 inches apart. "I'm an inches man myself."**

* * *

"And the process has to start early. There can be nothing worse or more unpredictable than a fund manager who has made his mind up early and then gets stamped on by his board."

The process would be tricky, he warned. Direct phone calls were to be avoided . . . as were crowds. Sir Derrick, for example, had to beware of broaching the subject in the boardroom of the Midland Bank, of which he was a non-executive director. "Anything like this is bound to be talked about, particularly by non-executive directors," Henderson claimed. "Wherever there is a non-exec who might be a trustee of a pension fund you could be in trouble."

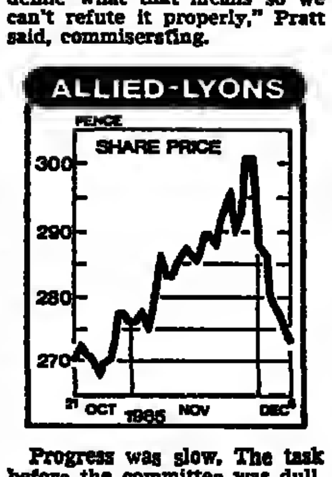
## DAY 9

**10 am Pratt Committee**

Tony Pratt repeated the Warburgs' demands. Where were the data on market share, innovation and the effects of breaking up Allied on the nation's balance of payments?

"I think we should all be given a full copy of all the information sent to Warburgs," protested Godfrey Linnett, corporate affairs manager. "If this goes on they'll end up knowing more about the company than we do."

They were struggling, finding it difficult to come up with information detailed enough to suit Warburgs and, more important, to get past the Takeover Panel. The effects of Elliott's manipulation of statistics were showing. "He claims 30 per cent of our products are losing market share. We can't define what that means so we can't refute it properly," Pratt said, commiserating.




Progress was slow. The task before the committee was dull, not what the members expected, and they responded truculently. "Let's get on. It'll only take 10 days," someone volunteered. "Well, get Warburgs to do it and it'll only take two," murmured John Mills.

Sir Derrick was still being difficult about direct contacts with the national unions, the committee heard. He was insisting that in his own way and in his own time he would speak to those he knew personally from the food and drink Economic Development Council.

Mills reported on the monopolies lobby with a list of MPs who must not be approached under any circumstances on grounds of alleged incompetence, arrogance or wetness.

One divisional MD had reported back from a meeting with his local parliamentarian. The target had written saying "thank you for a nice lunch. PS, I have just received a letter from Mr Elliott. I think he makes a very good case for taking you over."

"But he's as thick as two short planks," came a disgruntled murmur.

Pratt, the politician/psychologist, had saved a piece of good news until last. Warburgs, he announced, had filed several complaints with the Takeover Panel about statements in press releases and advertisements made by Hill Samuel, Elliott's banker.

Best of all, a press release was going out naming and attacking the banks behind the bid.

**2 pm**

There was more trouble for Elliott at the afternoon meeting of the Communications Council. Sir Derrick said he had had complaints from shareholders who had been grilled over the phone about the company. Only at the end of the interview did the caller identify himself as an Elders representative.

"Another for the panel," grinned Hugh Richardson.

Saatchis had information as well. Rapid-return polls among a small group of institutional shareholders and brokers showed Elliott to have established himself as a dynamic entity. "Some see him as a pirate, some as a clown," said Saatchi's man Terry Dailey.

Most liked the tone and conduct of the defence so far, but there was some criticism that Allied had not yet addressed the charges levelled at it.

A poll among the group's publicans showed a large proportion liked Elliott's idea that they should take an equity stake in their pubs. Richard Martin, breweries boss, blinked but resisted playing the heavy-handed brewer. Warburgs demanded direct action. The question in the next poll should be such that 90 per cent would say no, said Michael Valentine.

"When the answer comes back right we can use it in advertisements: 90 per cent say no—Opinion Poll."

Saatchis was also hunting for quotable quotes to use in defence publicity. Could friendly brewers or customers be found who would sing Allied's praises to some journalist? "If we can get it into editorial first then we can pick it up later for use in ads without its appearing to be hyped," Michael Dobbs explained.

"When do you want us to organise it," asked Sir Derrick, artlessly. "It's not very difficult."

Valentine had the germ of an idea which was to prove one of the most attractive techniques used in the early days of the struggle.

TV advertisements booked over Christmas should carry a tailpiece identifying the products as Allied offerings. Sir Derrick, casting a nervous eye towards Sir Alex, the autonomy-minded head of the food division, approved.

There will be technical problems, said Dobbs. They are there to be overcome, countered Valentine.

Dobbs had an idea of his own. As the company seemed willing to raise its profile, the time might be ripe for a swipe at Elliott. "Our creative department has some lovely ads that are extremely hostile to Elders," he boasted.

The stockbroker sniffed. Sir Derrick got the message. "The institutions don't like us spending their money on ads," he said.

"There will come a time when we can let you off the leash," Richardson promised with some condescension. "But the institutions don't like us fighting in the gutter." Dobbs shut up.

**4 pm**

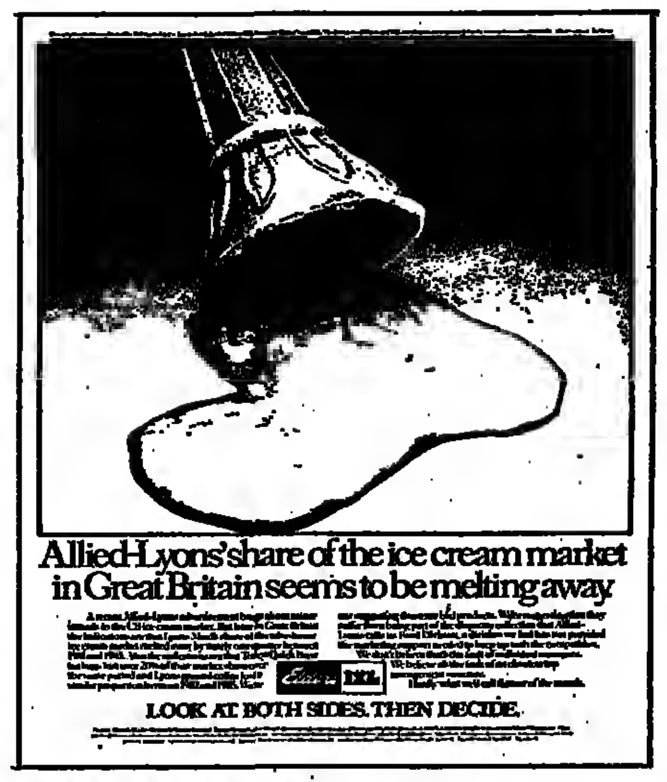
It was Sir Derrick's turn to be on the defensive as the Pratt Committee assembled, set on pleading with him to meet national union leaders.

"All I am doing is defending the ground I have been taught to defend for ever. I don't want the unions to think they have an Allied-Lyons debating ground," he argued.

"They have a common interest in jobs," ventured Richard Martin. "We could tell them the bid is unprecedented, the meeting is unprecedented. Do it once. Do it nicely."

Sir Derrick made a decision and presented it as a concession. "I can marshall the Neddy boys. They will look at it from the point of view of Great Britain Limited. How about that?"

He would do what he always intended to do. Everyone smiled. Putty in his hands.




## DAY 10

**The fly visits a brewery.**

The press, starved of news on the bid, had given a good spread to Warburgs ponderous press release attacking the banks behind Elders. Reporters had swooped on a paragraph querying the legality of the banks' involvement. And the Takeover Panel had swooped on Allied-Lyons.

This, the company's first overtly aggressive move, had resulted in a slap on the wrist from the authorities and a demand for a "clarification" to be sent to the papers. Hardly any reported it.

Whether or not the workers in the Ind Coope warehouse at Burton-on-Trent had read the financial pages that morning, they were in fine assertive voice. They were all on Sir Derrick's side.

"The Government should do something; it takes enough tax out of the company. . . What'd happen if it were split up? . . . Elliott's got a reputation in Australia as a right bastard of a gaffer. . . Tell him to piss off."

Office staff echoed the sentiments. Even though the company had recently made several hundred workers redundant, and more job losses were on the cards, they preferred the devil they knew.

No, they did not want Sir Derrick to re-assure them in person. "He can't come down here and give away details of his strategy. He can't tell us more than we are getting through management and the post," said one.

"We don't want him faffing around down here. He should get down to work and see Elliott off."

Brian Jarvis, Transport and General Workers convener on the site, faithfully reflected all the opinions offered. . . and offered several of his own.

"I've written three letters to Allied asking for liaison and I've had no reply. We're going to see Elliott on November 20. I've got no hang-ups provided he leaves us alone," he blustered.

He thought for a moment. "Underneath it all this company stinks. It's let its share of the beer market go in the past four years . . ." He thought a little more: "The openness and frankness about the way Allied discusses its business is extraordinary, and I can only applaud the gaffers for that."

He had talked himself out of his aggression. "Most of the men are very happy with their lot." But he still had his grievances. "This year's pay deal was done in one day," he protested. "I can't get the buggers on this site to stop work over money issues."

## DAY 12

**3 pm**

Sir Derrick seemed content. "We have achieved a basic understanding by the public and among the institutions of the worth of Allied-Lyons. And I can detect that the pendulum of public opinion has swung more in our direction." A modest reward for two weeks of slog.

The company's sole show of aggression, the press release wagging the big stick at the banks behind the bidder, had gone down particularly well. "It was high time their manoeuvring was exposed," Sir Derrick insisted. "Our friends in the City took it very well, although it went a bit too far for the Takeover Panel.

"It's the panel that's out of step," he added unrepentantly.

Only three weeks earlier the chairman had been of a mind to tackle the aggressor head-on and fight Elders off without reference to the Monopolies Commission. The decision to lobby for a reference was tricky.

"It was probably the point of finest judgment we had facing us since the start," he reflected, adding modestly: "There is possibly a marginal effect we can have on the OFT.

"Suppose he came in with a substantially increased cash offer . it might hit the point at which it was marginal if we could defend ourselves or not. We might throw the game away."

Although some believed it would suit Elliott to have more time to organise himself, Allied could use the time as well, Sir Derrick claimed. "We dare not take the risk of pushing the case away from the MMC."

## DRAMATIS PERSONAE

The principal characters in the narrative include:

**Allied-Lyons**
Sir Derrick Holden-Brown, chairman
Sir Alex Alexander, vice-chairman
John Clemes, finance director
Richard Martin, main board director, brewing
Michael Jackaman, main board director, wines and spirits
Tony Pratt, group investment controller
Malcolm Wright, beer division
David Mitchell, J. Lyons
Nick Gent, wines and spirits
John Mills, headquarters staff
Godfrey Linnett, HQ
Michael Crofts, HQ

**S. G. Warburg**
Michael Valentine, director
Hugh Richardson, director
Mark Seligman
Melanie Gee

**Cazenove**
Harry Henderson

**Saatchi & Saatchi**
Michael Dobbs
Terry Dailey

**Charles Barker City**
Jasper Archer, director

**Government**
Norman Tebbit, chairman, Conservative Party
Leon Brittan, former Secretary of State for Trade and Industry
Nigel Lawson, Chancellor of the Exchequer

## DAY 15

**4 pm. Shareholders Policy Committee**

Michael Valentine seemed in an uncommonly generous mood at a viewing of the group's promotional video aimed at persuading shareholders of the merits of the group. "It's lively and spontaneous," he said charitably. But he did not like the closing sequence which placed Sir Derrick on a sofa with TV presenter Lesley Judd. "It's too frightfully cosy."

The atmosphere chilled perceptibly as the video recorder was put away. Henderson plunged straight in: "The big institutions say clearly that you must not fight dirty whatever you do. They say he's a better street fighter than we are."

He was furious about last week's spat with the Takeover Panel over the press release on the banks' role.

"Was that fighting dirty?" asked Richardson.

"Verging on it," replied Henderson. "We don't want a six-month slanging match."

Valentine chimed in. "Well, what did the institutions say? Elders is trying to build up credibility from nothing at all. We've got to do something about it. There is a difference between hurling mud and getting our message across."

Henderson looked stung. "It would be OK if we could get them to make a retraction about some of their claims," he challenged the stern faces across the table. In any case, he added, Elders had changed tack now, and was concentrating more on building its own image. "He hasn't attacked us lately."

Richardson would not be mollified. "He'll probably start again when he gets back from Australia. We can't sit idly by just because he's out of the country." Warburgs was already preparing a fresh assault. "This week we'll want to put out a similar sort of statement that will puncture his claims about himself. . . an international company? It's not," he sniffed. "An international marketer. Hmph.

"If you say that's fighting dirty then we might as well all go home."

The committee was still struggling with the task of tackling the institutional shareholders. Henderson was against overt lobbying among senior institutional men. "The fund manager must in no way feel that his mind is being made up for him. We can't have fund managers at loggerheads with trustees or boards of directors," he insisted.

Clemes could not see the point. "As a trustee of our pension fund and if I were faced with this situation, I don't think I'd have any problems about asking the fund manager to refer to us before taking action." Henderson agreed, provided the request came in early rather than late in the bid process.

Henderson compromised. Directors or trustees, he admitted, might be primed to ask their fund managers to keep them informed about their opinions "because of the public interest angle."

There were also other influential bodies in the City which had to be kept informed. The defenders had no ready forum at which they could keep stockbrokers' analysts up-to-date and on-side.

Clemes had a list. He had been lunching his way through it and finding the going hard. Warburgs ruled out a mass meeting of analysts and said they should be picked off one at a time. Valentine was particularly keen that Colin Mitchell of Buckmaster & Moore should be "picked off." Not especially friendly to Allied, he had already appeared in a brace of TV business programmes.

## DAY 16

Mike Jackaman looked a little down-in-the-mouth at the Communications Council. Tagging the line "An Allied-Lyons product" on the end of Christmas TV advertisements would be expensive and tricky to manage.

"It could cost £100,000 or even treble that. Maybe it's too late and the money might be better spent elsewhere," he said apologetically.

Sir Alex seemed cross. "I didn't even know the idea existed," he claimed, sitting bolt upright in the chair next to Jackaman which he occupied a week earlier when the idea was first discussed. "I don't like it much. It's a big policy decision."

But he was about to be outvoted.

"It's a big opportunity to show the diversity and range of our companies," smiled Valentine, soothingly.

In the Pratt Committee later, Mills reported being swamped by offers of lobbying support from all quarters. Sir Derrick had arranged to see four ministers and was at the moment preparing for lunch with trade union officials from the food and drink EDC.

The institutional campaign was already under way with Sir Derrick and Sir Alex working their way through the upper ranks. Roy Mason, Labour MP for Barnsley, had asked Mills to draft him a motion attacking Elders.

Despite letters from the chairman and briefing notes for divisional management, senior men away from the centre were growing restless. Disgruntled food division managers had already told David Mitchell, the J. Lyons man on the Pratt Committee, that they thought the management conference would be a waste of time.

"There is a general belief that Elliott is outscoring us everywhere with better ads and better PR. That's going to be the general mood at the conference," warned Malcolm Wright, the beer man from Burton.

"We've got to get them going away from the conference in a very high state of morale. How about getting John Cleese to do a destruction job on Elders?"

The committee's mood was not improved by an Elders press advertisement casting unpleasant aspersions on Allied's share price performance which had passed unanswered.

Saatchis had prepared a counter, demonstrating the strength of Allied's shares against other UK brewers, but it was judged undiplomatic and dropped at the last minute.

Tony Pratt: headed a key committee

Pratt offered modest compensation. "Warburgs are putting out another press release later this week attacking Elliott's claims about himself," he said.

David Mitchell looked up from his manicure: "Shouldn't we put the retraction out first?"

Sir Derrick had had a good lunch with his six union colleagues, Mills reported later. His guests had said they were to call an emergency meeting of Little Neddy to discuss the bid, and all declared they intended to send a clear message to the OFT and DTI calling for a reference to the Monopolies Commission.

* * *

**To end the day a report arrived that What a Nuisance, a rank outsider, had won Australia's premier horse race, the Elders-sponsored Melbourne Cup.**

* * *

## DAY 17

Mark Seligman, supported by a silver-topped cane, limped unsuspecting into negotiations on the defence document.

He had chosen a bad day to be abrasive. Linnett almost leapt at him when he proclaimed that the end of the shareholders' video had to be changed to get Sir Derrick off the sofa, away from the lovely Ms Judd, and safe behind a desk. "No," grated Linnett. "That would be *very* unpopular."

Squinting through a transparency, proposed to illustrate the defence document, Seligman did it again. "Is it going to be interesting to look at?" he asked, looking at it. Faces fell.

"My people are a hard bunch to please. They are very critical," he said. He did not like Charles Barker's latest dummy for the front cover of the defence document.

Tony Pratt had had enough. He did not like the slogan proposed by Warburgs for the front. "A Most Successful Company?" he almost sneered. "I don't like it. It's arch and Victorian. What about a brace of nouns: 'Strength and Success'?"

Seligman was getting the message, but he was still in a lofty frame of mind. "I can understand where you are coming from," he said incongruously, "but compared with Elders you do run this company on Thatcherite, Victorian principles."

Pratt stabbed a finger at the front cover. "That's the one we want to go with."

"OK, I get the message," conceded Seligman, greatly miffed.

## DAY 22

**Sir Derrick, videostar**

"Wooden," said a voice from the dark. The team was venting a little of its frustration on the corporate video, and Sir Derrick's performance was taking some stick.

"More hesitant than wooden," said another.

All eventually agreed that Sir Derrick was a deliberate speaker and there was no point trying to disguise it. "But we can use a noddy on her," said the director, offering to insert shots of Lesley Judd nodding to camera to break up a particularly long tract of Sir Derrick looking uncomfortable with a glass of lager half-aloft.

Nor did they like the way Graham Kettle, sales director of Lyons Tetley, stooped during his interview. "He's six foot four or something. We've already got Lesley walking on a gang-plank," protested the crew.

The director was getting the hang of it by now. The shot of a smart new Allied eatery had been taken at night, he explained, because the tatty cars and motor bikes in the car park spoiled the daytime shot. He promised to correct Malcolm Wright's twitchy eyeballs with a few cuts to protect viewers from hypnosis.

"He said 'darned,'" complained a snotty voice. "He's a rough northerner," explained another. "OK?"

And yes, all agreed that the shot of Sir Derrick on the sofa should stay. Warburgs had said it was too cosy. "It's a matter of opinion, and it so happens that Warburgs are wrong," affirmed Pratt.

From the blackness: "Who's going to tell Warburgs?" Answer came there none.

**3.15 pm Shareholders Policy Committee**

Cazenove's man Harry Henderson was laying down the law on the formal approaches to the institutions. "Make about five points, and don't go in too early, although the temptation is enormous," he warned. Two men from Allied at each session should be shepherded by one from Cazenove. They would have no more than an hour.

"They want to know that you are going to be sitting on the top of the pile for the next five years."

But where to start? "We may as well get on with it now. Should we assume they have done more than glance at the newspapers?" asked Richardson blithely.

"They will all have done a high degree of homework," retorted Henderson.

Clemes broke in, as ever thinking clearly about the job in hand. Were there any limitations on what Allied could tell the institutions? Yes, there was always a danger that an unfriendly institution would play back everything to Elders, warned Henderson.

The mood changed. In the first such offering in such a tone, Warburg's Valentine commented darkly: "We might at the end of the day be looking at a bid which might succeed."

Henderson picked up the tone and warned Clemes that the Allied men could expect a lot of pressure at the hands of the institutions. The deceptively fragile-looking finance director took the point and began to sound worried.

"We have to deal with three divisions. They have all got different things to say," he said. In the time allowed the Allied men would be able to make only two key points about each branch of the business. "In spite of all we say about the one-ness of the group, the future and problems facing all three divisions are different," he stressed.

Most of the questions remained open. But Valentine was not interested in the mechanics. "Are there any indications from the institutions on which way they are going to jump?" he asked.

"Is anyone preparing to leave the sinking ship?"

Henderson: "Oh, no!"

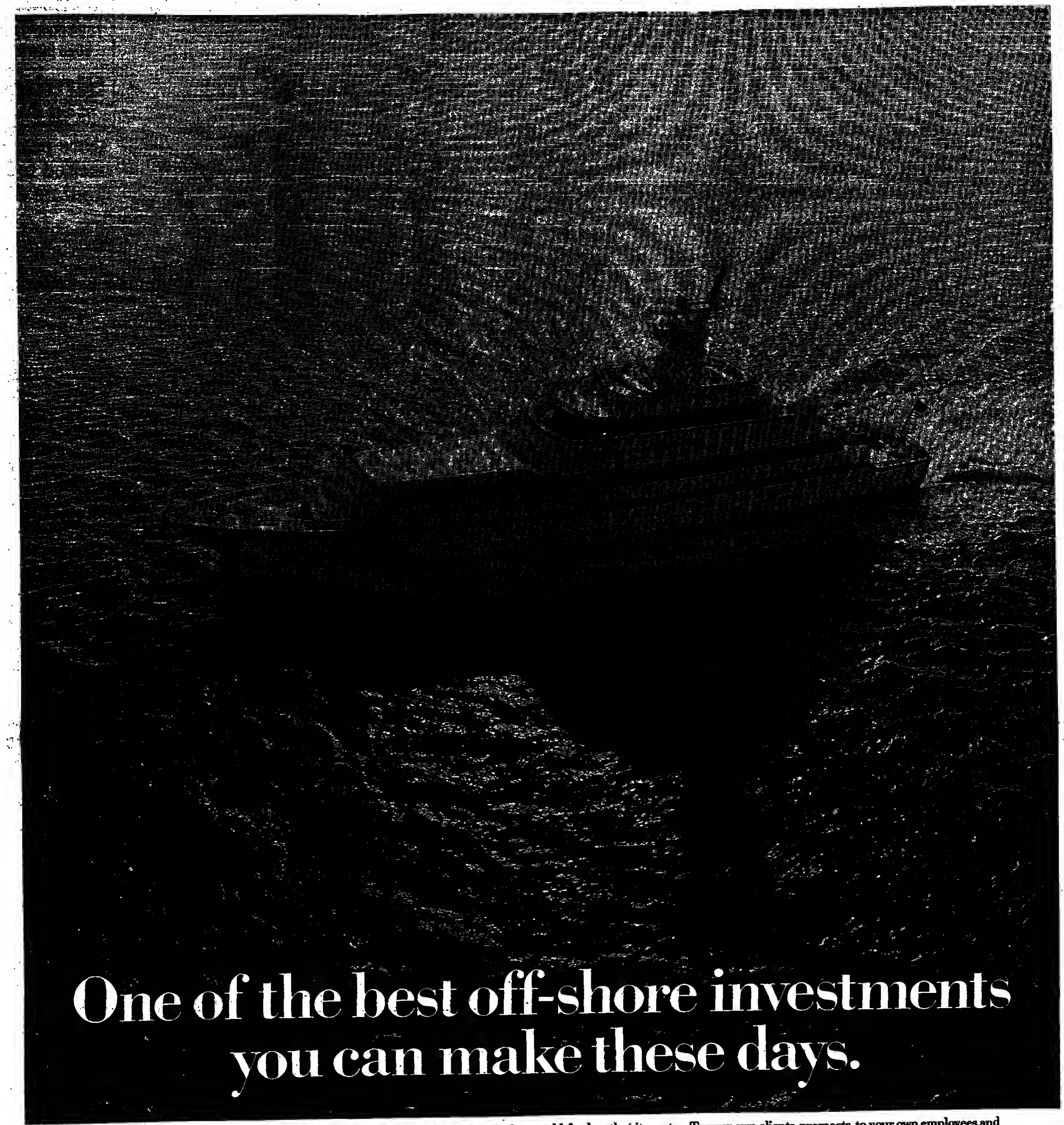
Valentine pressed on: "Are there any who said this is a thoroughly undesirable process?"

Henderson: "Quite a lot."

"Regardless of price?" "Oh, you'll never get them to say that," replied the broker.

Valentine sounded cross, and while Clemes tried to arrange an orderly summary of business to attend to, launched into Henderson again.

"We are concerned that we are not getting any questions from the institutions. Can we rely on Cazenoves to put them through to us? We have a mechanism for dealing with questions . . . and we don't want people ad-libbing," he said. "Naturally," said Henderson.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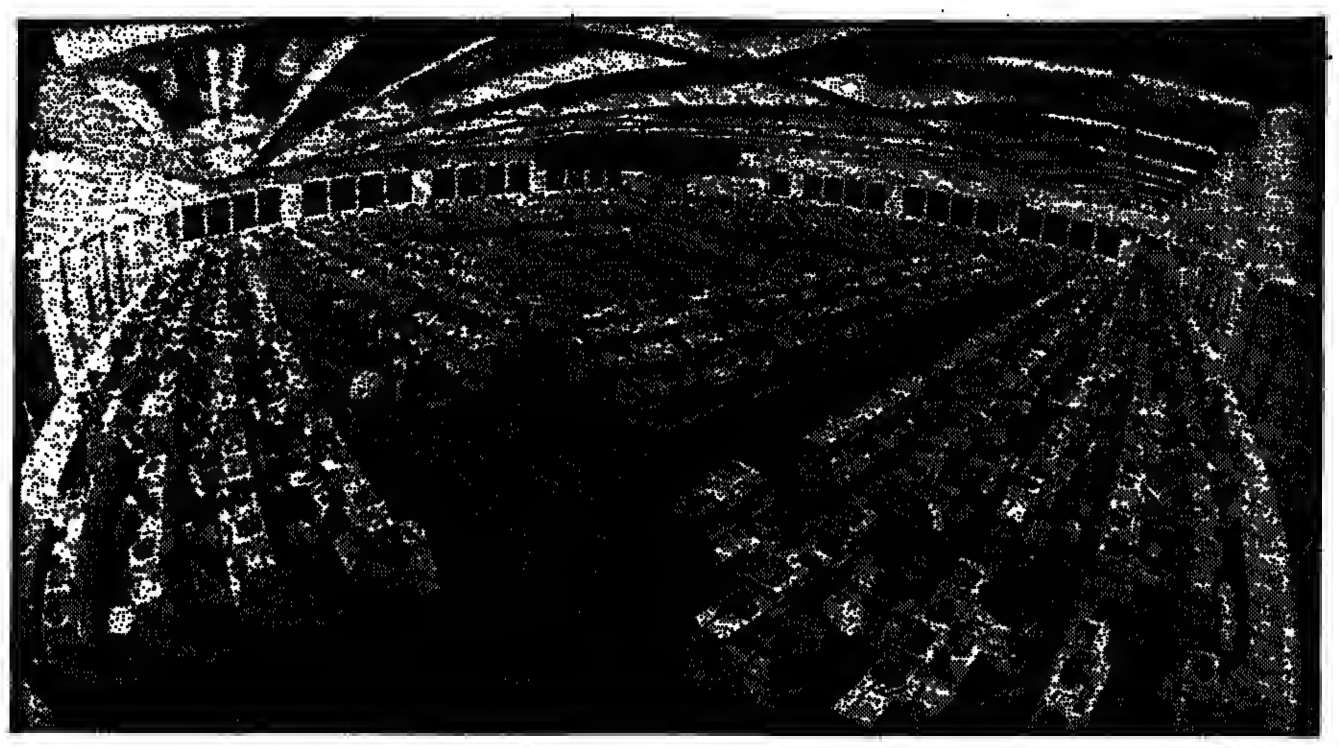
# TECHNOLOGY

## STOCK EXCHANGE OF HONG KONG

# Excitement is no longer part of the bargain

By Alan Cane



Roger Taylor

'The system is brilliant. But the atmosphere has gone' —Jill Gallie, dealer with F. R. Zimmern

THE SUBDUED, almost clinical, atmosphere which now distinguishes the trading floor of the Stock Exchange of Hong Kong is disturbed every so often by a slice of drama which recalls vividly the hurly-burly of trading in pre-computerised times.

The dealers, up to 3,000 of them, sit in rows of small carrels running parallel to all four walls, facing video screens conveying trading information. The central area, an expanse of red carpet, is bare except for a solitary microphone in the centre.

A trader, notebook in hand and wearing the exchange's distinctive red tabard inscribed with his firm's number in gold, walks up to the microphone and announces he has a large parcel of shares for sale.

There is instant commotion as dealers rush out to take up the offer, noting details in their own books, much as they have done since the Hong Kong exchange opened 1980. The bargains completed, they return to their carrels and the floor calms down as the traders concentrate on absorbing the electronic information before them.

These brief, hectic interludes where particularly large packages of shares are disposed of by face-to-face trading, seem to serve as a form of catharsis in the Hong Kong exchange, a welcome triumph of human negotiation over computer calculation.

While there is nothing but praise for the efficiency of the Exchange's prestigious new computerised trading system, it is also clear that the dealers feel the adrenalin flows less strongly these days.

Ms Jill Gallie, one of the five daughters (all dealers) of long established Hong Kong stockbroker F. R. Zimmern is typically ambivalent. "Now we have a 21st Century system" she says. "We all think it is brilliant." She adds, however, "But we seem to have lost the human aspect. There is a loss of atmosphere, and the excitement is missing." Her sister, Carol, had forecast such a conclusion a year ago while the exchange was still being constructed: "One fears a lack of excitement on the new stock exchange" she told a reporter doubtfully.

Perhaps to a greater extent than any other exchange worldwide, Hong Kong has attempted to cling to what it saw as the best of its old trading ways while exploiting new technology to improve its efficiency and its attractiveness to foreign investors.

The result is an idiosyncratic method of trading which seeks to replicate the manual method of yesterday in electronic terms.

During its development it was a focus for dissent, with senior stockbrokers like Mr William Phillips, managing director of Baring Securities (Hong Kong) and Mr Christopher Mallows of Warburg publicly declaring that the proposed system would be a disastrous mistake. Now they generously accept they were wrong and that the system—built by Jardine Logica Systems, a joint company formed from Jardine Matheson and Logica, the UK-based computing services company — is everything it was cracked up to be.

Mr Phillips says: "Having looked at the alternatives, I think we have a very good compromise here."

A compromise it may be, but Hong Kong—which opens its doors formally for trading on October 2—is still a paradigm of the kind of problems the use of technology poses for stock exchanges the world over, as they gear themselves up for trading in the 1990s.

First, it has to be accepted that for many exchanges, technology seems to hold the only answer to some of their seemingly intractable operational problems.

The US over-the-counter market, NASDAQ, for example, with brokers and market makers scattered countrywide has no trading floor, and electronic links only connect the players.

Its remarkable growth seemed to give the lie to the idea that a physical trading floor and person-to-person dealing was essential for a liquid central market in securities.

Nevertheless, London which had to develop its automated quotations system, SEAQ, and telephone trading to overcome the problem of physically distributed brokers and market makers, after Big Bang on October 27, will retain a market floor for the foreseeable future.

As Mr J. Dundas Hamilton, a former deputy chairman of the London Stock Exchange, and one of the most informed observers of stock exchange automation points out:* "In order to make markets in the traditional manner and to 'feel' the atmosphere of future price movement, there seems little doubt to me that the central floor of The Stock Exchange plays an important part."

The foreign exchange and Eurobond markets, have, of course, always done without a central trading floor, but Mr Dundas Hamilton points out: "It must be said that the telephone market of Eurobond dealing is less liquid and less efficient, partly due to this factor."

The new Hong Kong exchange was forced to automate because it was formed from four smaller exchanges—Hong Kong, Far East, Kam Ngan and Kowloon. Trading involved large "whiteboards" around the walls of the trading hall, one to each stock, and carrying the price and columns of numbers indicating the firms willing to trade at a particular price.

A closed circuit television system carried trading information around the floor and to brokers' offices elsewhere in Hong Kong.

Trading was carried out face-to-face in front of the boards. The thought of 3,000 dealers trading by open outcry convinced the exchange authorities that technology was the only answer.

But the Hong Kong broking community was split between those who wanted no part of electronic trading and those who argued that if automation was to be adopted, it was best to go all the way—automated dealing, automated small order execution, automated settlement.

The solution, driven by Exchange chairman Ronald Li Fook Shiu, and implemented by the chairman of its computer development committee Dr Philip Wong, fell somewhere between the two extremes.

Each whiteboard would be represented by a "screen" of information transmitted to each dealer's desk. Trading would take place over the internal telephone system. And successful trades would be put into the system through keyboards on the dealing desks, where the information would be instantly processed and used to update the "whiteboard" images.

Technically, it was a tricky computing and telecommunications problem which Jardine Logica solved in a neat and enterprising manner using a television-like system to broadcast trading information to all dealers simultaneously, and a special keyboard to allow the traders to enter their bargains simply and quickly.

Commercially, the authorities saw such a system as an aid to building foreign confidence in Hong Kong as a place where trading was handled in an orderly and regulated fashion.

But Mr Li and Dr Wong have rejected automatic matching and computerised settlement, at least for the time being.

Dr Wong says: "That would have been too much of a change. It would not have suited the Oriental mind. There has to be flexibility so that dealers can have a last minute change of mind. Automated matching would cut out the human element and that is an important factor in Hong Kong."

Dr Wong, therefore, ensured acceptance of the system by the exchange members by making as little change as possible to their trading methods.

Since it went live in April this year, volumes traded on the exchange have reached new heights, but it is unclear how much of this is due to automation and how much to market factors. Unkind observers suggest that some part at least is due to an end to the practice of on-floor trades between dealers where the dealing slip was simply torn up and the information never passed through the exchange. "These days" Dr Wong smiles "There is no slip of paper to tear up."

But what of that missing excitement, the most important human factor of all?

There were plans at one stage to create artificially the right atmosphere by piping in recorded background noise, from the four original exchanges, over the public address system. That notion, perhaps fortunately, was quickly abandoned.

The best technology can manage, in fact, is an area of the dealer screens where unusually interesting bargains — the kind that would invoke a bubbub of noise in a conventional dealing room — are flashed repeatedly for a few seconds.

Within a few weeks, London will discover whether it, too, can survive and prosper without some of the adrenalin generated by face-to-face trading. Those apprehensive about the future could take heart from the fact that not all Hong Kong brokers find the change from scrimmage to screen watching uncongenial. Dr Wong recalls being button-holed by a dealer some weeks after the trading system went live: "Hey Philip" he said, paunch straining his shirt buttons "See what you've done. Because of your system, I've put on weight!"

* *Stock Broking Tomorrow. J. Dundas Hamilton. Macmillan 1986.*



## More power packed into Rodime disk

By Geoffrey Charlish

RODIME, the Scottish company, surprised the computer world in 1983 by introducing a "palm of the hand" 3.5 inch Winchester disk before the Japanese and US competition. Now it is introducing a 40-megabyte version, the RO 3000, to quadruple the memory capacity of the original model which Mr Malcolm Dudson, deputy managing director, says is "now getting a bit elderly." The tiny disks are used with microcomputers for bulk, rapid access storage of data.

In addition, Rodime is making a move into the supermini and mainframe computer disk markets with a new eight-inch model that can hold 600 megabytes (about 600m characters).

The new machines should help to restore Rodime's business position, which Dudson predicts "will be flat" for 1986-87. He says that the pioneering 3.5 inch products of 1983 were "leapfrogged" by the competition and that Rodime intends to do the same thing in reverse. The new 3.5 inch models have an average access time of 28 milliseconds (thousandths of a second) and can transfer data to and from a computer at 5m bits a second. More from Glenrothes, Fife, on 0592 774704.

## Information of a different hue

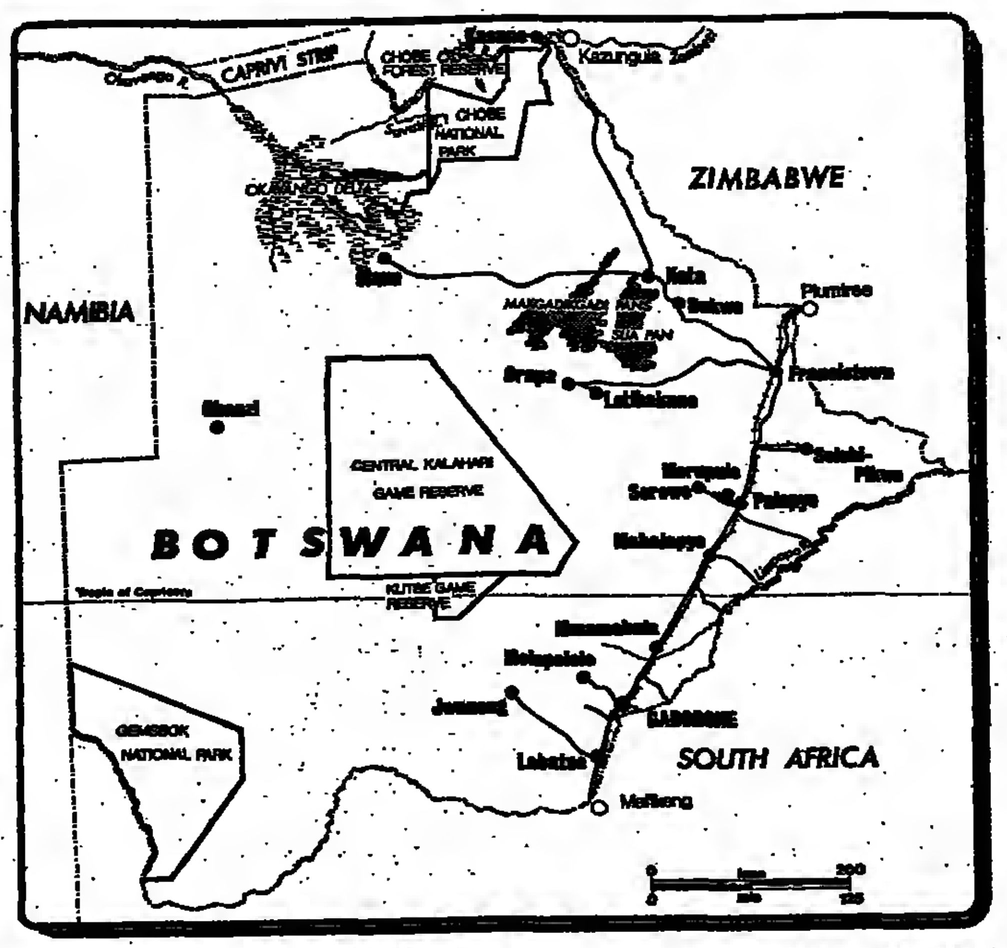
COLOUR DISPLAY monitors, that can be programmed easily by the owner to produce promotional and other information in text and graphical form for public consumption, are available from Postfield Electronics of Kenley, Surrey, UK. Retailers, travel companies, banks, hotels, and museums are likely customers. More on 01-668 8241.

# FINANCIAL TIMES SURVEY

Thursday September 25 1986

# Botswana

This rare African democracy has built a strong economy, but faces strains from drought, growing unemployment and the consequences of rising political tension in Southern Africa




## An oasis of tolerance

By Michael Holman

WHEN BOTSWANA marks its 20th anniversary of independence on September 30 it will celebrate a combination of economic development and political tolerance without equal in Africa.

Once little more than a sprawling, dusty cattle ranch, Botswana was saved from incorporation into what was then the Union of South Africa by the determination and shrewdness of its leaders and the unattractiveness of its own poverty.

Fortunately for Botswana the discovery of three major diamond bearing deposits came after independence. The mines have driven economic development in a way unmatched by any other non oil-producing country in Africa, averaging 13 per cent real growth in GDP since then.

Proceeds of the diamond bonanza have been cautiously and wisely spent, building an infrastructure which had barely existed before, providing health services which have reduced infant mortality to the lowest rate in Black Africa, and introducing universal primary education.

The Government's free enterprise philosophy and prudent financial management has created an open business environment, maintained a hard domestic currency, and kept the debt service ratio to single figures. Substantial foreign exchange reserves, currently standing at 23 months' import cover, are held in case of contingencies ranging from further poor weather (the drought is in its fifth year) to an outbreak of foot-and-mouth disease, which would hit beef, the country's third largest export.

On the political front Botswana is rare in Africa as a multi-party democracy. Opposition leaders have no inhibitions about attacking government policies and Botswana has no political prisoners.

What then, could disturb this African anomaly? There are two issues in particular: vulnerability to political upheaval in southern Africa, and the fact that the country's mineral production seems to have reached a plateau, when problems of growing unemployment, high population growth and a fragile agricultural system have yet to be resolved.

As to the first, there is little Botswana can do than walk a political tightrope. South Africa demands on the one hand that its neighbour live as a compliant, *de facto* homeland, willing to enter defence pacts and an economic hostage — 85 per cent of Botswana's imports come through or are from the Republic.

On the other side is growing pressure for tougher economic sanctions against South Africa led by some of Botswana's neighbours. It is also likely that African National Congress (ANC) guerrillas will make increasing use of the hundreds of miles of border between South Africa and Botswana.

Botswana has so far managed to perform the difficult balancing act as one of the initiators of the nine-member Southern African Development Co-ordination Conference (SADCC) prompted by Sir Seretse Khama, Botswana's founding president, it is quietly pursuing the aim of reducing trade and transport links with South Africa.

The Government has also resisted Pretoria's efforts to get it to sign a formal non-aggression pact modelled on the Nkomati agreement with Mozambique, under which both countries agreed not to harbour guerrillas. Botswana says it has never provided the ANC with bases an ddoes not intend to so.

Yet Pretoria has twice attacked targets in Botswana, on June 1985 and in May this year providing scant evidence to back up the action.

On the other hand, President Quett Masire, who succeeded Sir Seretse in 1980, has made it clear that given Botswana's vulnerability to economic action by Pretoria, his government is in no position to impose or encourage sanctions. But he has also said that western governments should not use the vulnerability of Botswana or other southern African states as an excuse for not pursuing sanctions.

The second challenge the country faces — the need to boost jobs and agricultural output — may seem more susceptible to government efforts. But this is proving demanding. The drought has made agricultural production targets and accompanying programmes impossible to achieve.

To the Government's credit, however, is the way a potential national catastrophe has been quietly and competently contained and managed. Botswana can boast that there has not been a single drought-related death among its 1m people, of whom around 55 per cent are assisted by government feeding schemes.

But the cost of the drought has been enormous. The national cattle herd has been reduced by a third, and last season the country grew only 10 per cent of its food. Jobs in a sector on which three quarters of the population depend for work have been reduced.

Meanwhile job creation in the industrial and manufacturing sectors cannot keep pace with the 20,000 school leavers coming on the market each year. Some 7,600 new jobs a year are forecast over the 1985-1991 Development Plan period. The results is growing unemployment, which together with housing shortages provides electoral ammunition for the main opposition party, the Botswana National Front (BNF), led by Dr. Kenneth Koma.

The Government's attempts to increase investment and jobs through grants, tax holidays and job subsidies, have yet to overcome the obstacles posed by the small domestic market, difficulties in penetrating the regional market, a shortage of skill manpower and tho high cost of utilities.

Employment prospects look even bleaker when set against the fact that with a 3.4 per cent annual growth rate, the population is expected to double in the next 20 years.

The Government still has time to find the answers, as its expenditure will not exceed income for some years and there are healthy reserves to draw on. Some plans and strategies at an early stage may bring results. Tourist potential — notably in the Okavango Delta — is considerable and has barely been tapped. Irrigated or rain-fed farming may succeed — great store is set by the Mpandamatenga scheme in tho north-east).

But unless significant progress on the job front is made, the elections — duo to be held by 1989 — may be more than the usual formality for returning the ruling Botswana Democratic Party to power.

**GUIDE TO TERMS**

**The people of Botswana are called the Batswana: an individual citizen is called a Motswana.**

**The language of the country is Setswana.**

**The unit of currency is the pula, a word meaning rain, which is also the national motto.**

**President Quett Masire talks to Michael Holman and Victor Mallet about challenges facing his country**

## In the shadow of sanctions

**Q. How have Botswana's relations with South Africa been affected by the international campaign for sanctions against Pretoria?**

A. Relations have changed first as a result of the unprovoked acts of aggression by the South African Defence Force against Botswana. In its argument against the imposition of sanctions, Pretoria points out that other countries, including Botswana, will be hurt, and has stated that as a reprisal it will impose its own sanctions against its neighbours.

South Africa's trading partners, including Britain, have also been saying they did not want to impose sanctions against South Africa because of their effects on black South Africans and neighbouring countries. So here is a country which attacks mine, without provocation and yet expects to use us in its defence (against sanctions).

This is unacceptable. It is also unacceptable that friends of South Africa should try to use us to justify their support for South Africa. We think they should stop being disingenuous.

**Q. Would Botswana allow South African companies to use this country as a staging post for sanctions busting?**

A. No. We could not do it with a clear conscience. It would not benefit us and it would delay our industrialisation. Companies should actually produce their products in Botswana.

**Q. Do you support the Commonwealth package of sanctions agreed in London last August, including the call for a ban on air links with Pretoria?**

A. It may be that various countries can apply the measures in varying degrees. Others may find they cannot, because of their circumstances.

**Q. Would Botswana cut its air link with South Africa if the airport at Gaborone were to start direct connections with Europe?**

A. Ask me when they have started.

**Q. There now seems a good chance that the Sua Pan soda ash project will get under way, with South African participation and South Africa itself as the export market. Does this not run counter to the sanctions strategy?**

A. It is a project that should be judged on its merits. It will be to the advantage of both countries. They want our soda ash, we want the resources the project will generate to develop Botswana and tackle our problems.

**Q. Looking ahead over the next five or ten years, what do you see as Botswana's main challenge?**

A. Industrialisation. In the past we marketed our labour in South Africa. Now we cannot: first because South Africa is drawing labour from the Bantustans; second, because our people find it difficult to transfer from a democratic society to South Africa.

In the next eight years we have 27,000 entrants annually coming into the labour force, so we would like to develop industries, as well as develop agriculture to meet our food requirements.

As for drought, it is difficult to plan, as its effects vary from region to region. But we keep funds in reserve which we call on when needed. External aggression, drought and unemployment have been the most serious of our problems. Our future stability and economic development will depend on our success in handling these problems.

**Q. Opposition parties in Botswana seem to be gaining strength. Does this pose a challenge?**

A. Our democracy will benefit from a stronger, more responsible and enlightened opposition. Government might be more responsive to the needs of people if a more lively but responsible debate on issues takes place.

**Q. Why do you think Botswana has succeeded politically and economically when many African countries are in such difficulties?**

A. We have conducted elections

CONTINUED ON NEXT PAGE

## Politics

# Opposition gains strength

THE MOST remarkable feature of Botswana's domestic politics in the past few years has been the growth of a serious opposition to President Quett Masire and his ruling Botswana Democratic Party (BDP), the party which has led the country on a path of economic success and political moderation since independence in 1966.

Increasing unemployment, shortages of schools and housing, disgruntled civil servants and dissatisfaction with what many see as the tired complacency of the Government have boosted the fortunes of the Botswana National Front (BNF), a mere radical group led by left-wing intellectual Dr Kenneth Koma.

The BNF is hoping to capitalise on the grievances of the young and the urban poor to mount a majer challenge to the Government at the general election in 1989. Voting patterns at the last election in 1984 show a substantial swing to the BNF and a continuing enthusiasm for multi-party democracy.

The percentage voting was more than 77 per cent. The BDP's share of the vote fell to 68 per cent from 75 per cent and the BNF's rose to 20 per cent from 13 per cent. The BNF now has five ef the 34 elected seats in parliament with the Government holding 28 and the Botswana People's Party (BPP) one.

BNF leaders are confident that their popularity is growing steadily, but they fear thet the BDP's commitment to democracy will weaken in the face ef a serious opposition challenge. "Our strength is growing, even in the smallest villages in the remote areas," Dr Koma says.

"I am also sure that the Democratic Party is not very different from parties in the rest of Africa. When they are threatened they will not be quite so willing to hand over power to us. They will cheat."

In the past, the Government has branded the BNF as subversive and it withdrew the passports of 17 BNF members about to go to a youth festival in Cuba in 1978. But it denies wishing to hang on to power at any cost.

"If any party in Botswana wins elections, there will be no problem. We will hand over," says vice-president Peter Mmusi. Mr Mmusi narrowly beat Dr Koma in the Gaborone South constituency in 1984. But a court challenge after the discovery of an unopened ballot box led to a new election and victory for Koma. Mmusi is now one of the four members of parliament nominated by the Government.

Recognising the shortcomings in the BDP and the threat posed by the BNF, some leading members of the ruling party have formed an internal pressure group of "concerned citizens" to press for reforms. Their chief demands are for more consultation between government and voters and for an injection of new blood into the BDP leadership.

"Our democracy will benefit from a stronger more responsible and enlightened opposition," said President Masire. "Government might be more responsive to the needs of people if a more lively but responsible debate on issues takes place. Opposition might generate interest in politics and policies that government should follow."

There is no doubt that the BNF has correctly identified some of the problems facing Botswana, but its own policies are unclear, with different factions pursuing different ideals. Dr Koma himself, educated in Cape Town and in Moscow, says he has moderated his Marxist-oriented views.

"The most active element in the party could be described as social democrats," he said. The BNF wants mere emphasis on agriculture and more intervention by the state to promote industrial development, but it generally agrees with the Government's cautious foreign policy.

The urban influence of opposition parties was underlined by their performance the town council elections held at the same time as the general election in 1984, when the BDP lost control of all the councils except that of Selebi-Phikwe. Gaborone's mayor is Mr Paul Rantso, who calls the BDP the petty bourgeoise who took over from the British colonialists.

He accuses the country'e rulers of ignoring the interests of workers, allowing the exploitation of the bushmen, and relying too much on South Africa.

"Almost everything we eat, almost everything we wear comes from South Africa," he says. Mr Rantao predicts that 14 of the 34 elected parliamentary seats will ge to the BNF at the next general election.

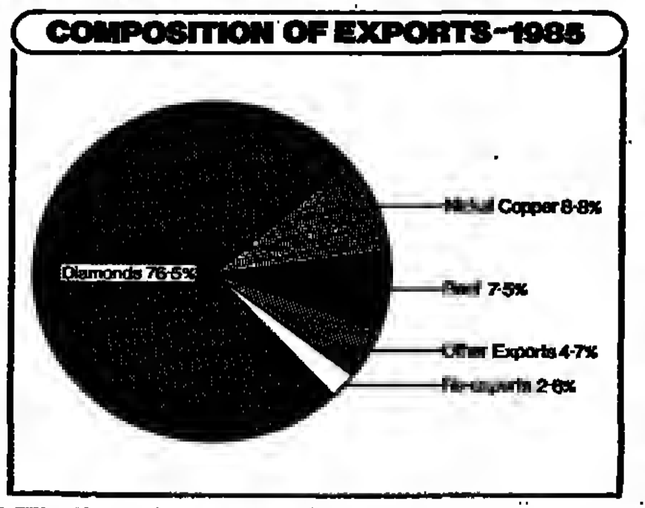
"It is growing very fast," he says. "Until 1984 the BNF was almost non-existent. There was an upsurge in 1984 when more young chaps got interested in the politics of the BNF."

The possibility of an alliance between the BNF and the BPP, although remote at present, could further bolster the fortunes of the BDP's opponents. Mr John Mosojane, BPP secretary-general, does not seem enthusiastic about an alliance.

"We are certainly socialist-oriented," be says. "But we are not Marxists. The BNF are Marxists but they are trying to move away from that label."

**Victor Mallet**

COMPOSITION OF EXPORTS–1985




Botswana President Quett Masire

## Economy

# Caution follows boom

AFTER TWO decades during which Botswana achieved one of the most remarkable growth rates in Africa, its government is preparing, with characteristic caution, for the possibility of more difficult times ahead.

"For the next two to three years," says Mr Peter Mmusi, the Minister of Finance, "the prospects are good, with balance of payments surpluses. But thereafter we expect to move into deficit, so the government is storing in the good years to prepare for the leaner years."

Diamond windfalls conveniently spaced over the post-independence period seem to have come to an end, at least for the time being, and production has reached a plateau. As the country's National Development Plan for 1985-91 says, none of the non-mineral sectors "has the clear potential to act as the locomotive of the economy."

Botswana's beef industry has survived the five-year drought well, but its prospects for expansion are limited. Manufacturing will always face the obstacles of a tiny domestic market and strong competition from South Africa, while tourist potential may be a long time maturing.

There is no guarantee that the growth rates to which Botswana has become accustomed during the 1970s and 1980s will continue into the 1990s, the plan says. It is probable that economic growth will be slow.

The forecast is that GDP growth in real terms, which averaged 13 per cent a year between 1966 and 1984, will fall to an annual average of 4.8 per cent.

This is based on some critical assumptions: an end to the drought and a resumption of reasonable agricultural weather; diamond prices remaining steady; and no drastic developments in South Africa which might disrupt supplies from Botswana's vital trading partner.

Some calculations in the plan, published in December 1984, have not been borne out over the past 21 months. One of the most alarming graphs in the plan shows government expenditure overtaking grants and revenue by 1989-90 in the base case scenario, while a more gloomy forecast suggested that this could occur by the end of 1986. According to the forecast, grants and revenues in 1985 ranged from Pula 750m to Pula 710m, depending on the assumptions.

The projections massively undercalculated diamond revenue, which has soared. This is in part because of firmer prices, but largely due to movements in the exchange rate. Thus Mr Mmusi was able to say in his budget earlier this year that estimated 1985-86 government revenue was Pula 1,015m, some Pula 307m higher than anticipated.

There has also been a dramatic boost to foreign exchange reserves, which et the end ef last month stood at Pula 2.2bn, some 23 months' import cover at 1985 levels.

The balance of payments, which enjoyed a surplus of some Pula 500m last year, the highest since independence, looks set for another outstanding 12 months. In the six months to June 1986, exports were Pula 730m and imports at Pula 485m.

External debt service ratio is about 5 per cent, and although rising, is not expected to exceed 10 to 11 per cent in the early 1990s. It might then seem that Mr Mmusi's caution is unnecessary and the development plan's prognosis a near irrelevancy.

The minister's caution, however, stems from the underlying realities of the economy stressed in the plan. The economy will be operating in different circumstances from recent years, and whether sooner or later than the plan's forecast, spending will exceed revenue, Mr Mmusi said.

The agricultural sector, from which at least 75 per cent of the country's 1m people must draw a living, is vulnerable. Government programmes to boost output from the scrubland on which most peasant farmers operate have proved disappointing, largely because of the prolonged drought.

The tribal grazing land programme (TGLP), designed in part to improve the lot of small cattle owners is not meeting its targets. The skewed distribution of cattle ownership (nearly half of the national herd is owned by 7 per cent of cattle ranchers) has been reinforced during the drought, as losses have been proportionately more serious for owners of small herds.

The Arable Lands Development Project (Aldep), at the heart of efforts to increase the output of the 70,000 or so traditional farmers, has been slow in producing results. It, too, has been hard hit by the drought, but it has also been affected by a shortage of skilled agricultural advisers and problems implementing a subsidised loan system designed to help small farmers purchase essential inputs. Outstanding agricultural loans by the National Development Bank (NDB) have soared from Pula 2.8m in 1979 to Pula 19m in 1983.

The Accelerated Rainfed Arable Programme (Arap), introduced in 1985, which assists small farmers to clear land, hire draught power and receive seeds, fertiliser and fencing has also faced difficulties.

Over the six years ef the last development plan—1979 to 1985—agricultural GDP fell to 80 per cent of its real 1979-80 level.

The consequences go beyond the fact that last year Botswana grew only 10 per cent of its food needs. They affect the second critical issue in Botswana—rising unemployment. Most of the 20,000 school leavers who come onto the market each year must find work in agriculture, for there are not enough places elsewhere.

The rate at which jobs are being created in salaried employment, government, industry and manufacturing is steadily falling behind demand. The development plan expects that only 7,800 jobs a year will become available in the period to 1991. Given the number of school-leavers, it represents "a bleak picture," Mr Mmusi says.

There is little scope for new business, in spite of government incentives ranging from tax holidays to grants and job subsidies, set out in the financial assistance policy (FAP). Mr Mmusi calculates that over five years 6,600 jobs will be provided by 182 medium-scale and four large-scale projects receiving government backing worth Pula 21.5m. A further 2,000 jobs should come from 740 small ventures.

What is not happening, however, is large scale domestic or foreign investment, and Mr Mmusi concedes that in spite of the welcoming business environment in Botswana there are serious obstacles investors have to overcome.

The domestic market is small, the cost of utilities high, skilled manpower is limited, and the housing shortage in Gaborone is acute. Above all, South Africa—linked with Botswana as part of the Southern African Customs Union which allows duty free traffic—provides formidable competition to any manufacturer in Botswana.

Related to the unemployment problem is the further demanding factor of a population growth rate of 3.4 per cent a year. This means that in 20 years the population will have doubled, placing enormous strain on educational resources, social services and housing.

It is a formidable group of challenges, to which there is no easy answer. The problem is not so much the shortage of funds (although Mr Mmusi is determined to maintain substantial reserves, reminding questioners of Botswana's vulnerability to the weather, foreign exchange fluctuations, regional instability, and the impact that an entbreak of foot-and-mouth disease would have on beef exports) as finding the right projects on which to spend them.

**Michael Holman**

### Balance of Payments

| | m Pula | | |
|---|---|---|---|
| | 1983 | 1984 revised | 1985 preliminary |
| Adjusted balance of visible trade | + 28 | +122 | +417 |
| Balance on services | −163 | −241 | −310 |
| Balance on goods and services | −135 | −119 | +107 |
| Net transfers | +137 | +132 | +159 |
| Balance on current account | + 2 | + 13 | +266 |
| Balance on capital account | +105 | +144 | +210 |
| Net errors and emissions | + 31 | + 8 | + 24 |
| OVERALL BALANCE | +138 | +165 | +500 |

# Sanctions shadow

CONTINUED FROM PAGE 1

which were free and fair. People must exercise self determination. There is nothing that will satisfy them if they cannet exercise a free choice. Economically, I think the discipline developed as a result of meagre resources stood us in good stead. And in addition to frugal management, we were lncky to find diamends.

Q. When yon leok back ever 20 years, what is nppermost in your thoughts?

A. The ether day I saw the floodlights turned on in the new stadium in Gaborone. I remembered that in 1967 I flew to Kinshasa (Zaire) and saw streetlights and wondered if ever such lights would be seen in some towns in Botswana. We have come a long way since then. We have made phenomenal progress.

Q. Do you feel on a tightrope in southern Africa — a powerful, often hostile neighbour, on the one hand and mounting pressure fer sanctiens, with possible repercussions for you, on the ether?

A. Look out of my office window and you see the (South African) boundary, and you realise that we are on the spot, as it were.

PROFILE: BOTSWANA DEVELOPMENT CORPORATION — BY VICTOR MALLET

# Drive to widen public share holding

TWICE the Botswana Development Corporation tried to expleit fishing in Lake Ngami. Twice bungry pelicans ate all the fish. A brewery backed by the BDC failed and a hotel in the mining town of Selebi-Phikwe suffered problems in 1977, threatening the entire corporation.

"In the early days, somc elemental mistakes were made," says Mr Mike Molefane BDC's deputy general manager.

"There was no proper feasibility study for the Bosele Hotel. It was designed by an architect who had never done an hotel before, and in some of the shops and offices ended up with light fittings manufactured in some little village in Italy, which caused a lot of problems with replacements.

"We don't do that sort of thing nowadays."

Funds for the BDC, e government body charged with industriel and commercial development have more than deubled over three years to reach about Pula 50m. The corporation has grown at more than twice the rate of the economy. By 1991 it wants Pula 167m employed.

The BDC bas more than 40 subsidiaries and associated companies in a variety of sectors, including industry, tourism, agriculture, property and financial services.

"Up to about three years ago a lot of projects were started by us. The ideas came from us and we had to find partners," says BDC general manager Mr Klaas Kuiper, an expatriate from Holland in charge since 1980. "But we are getting more and more ideas from the private sector."

The BDC, which finances companies through share capital and loans with the aim of selling out to Botswana citizens, is now looking at 40 new projects.

BDC expertise is playing a key role in offering shares to the public. In 1984 it set up the Secbaba Investment Trust, the first in the country, with shares in several BDC companies. It declared a 10.1 per cent dividend in 1985, followed by a 15.7 per cent payout this year, and the shares increased by more than 20 per cent.

Share issues in Botswana, such as the sale of 10 per cent of Barclays Bank this year, have been oversubscribed, and a tiny Gabone stock exchange for the handful of quoted companies is on the drawing board. At present the prospective trader has to work through the company secretary involved.

"We did a study earlier this year to see if we could have a central plece to trade," Mr Kuiper says. "On such an exchange, probably operating once a month initially, you could not only sell and buy shares but also securities."

Botswane is swimming in cash looking for investment opportunities, which could augur well fer the long-term growth of an exchange.

The emphasis is on spreading investments to citizens rather than institutions. Barclays kept its offer open for two months and now has 1,300 shareholders. There were 750,000 shares on offer at Pula 3, just below net asset value.

Mr Kuiper sees the BDC as a broker assisting local antrepreneurs and linking them to foreign investors (many of them South African). Funded by the Government, by its own cash flow and by overseas agencies, it plays a vital part in the development of Botswra, where investment skills are in shert supply.

Some critics accuse the BDC of not putting enough cash into tougher and perhaps less lucrative projects, although its "sub-commercial fund" consisting of 10 per cent of profits is set aside for programmes unlikely to show quick returns.

With cheap money at its disposal, it can compete with other lenders, and one senior commercial banker called it "more of an investment corporation than a development corporation." Its prudent, cautious approach is characteristic of Botswana.

Agriculture

# Long drought dries up production

AGRICULTURAL difficulties are to be expected in Botswana, a country largely covered with sand and dotted with a few bushes. Add five years of drought and an invasion of locusts and the problem becomes daunting.

The national cattle herd—which still outnumbers people by two to one—has declined to just over 2m from a peak of about 3m, and crop production has slumped to some 10 per cent of the country's domestic needs.

"Five years without rain is a long period," says Mr Daniel Kwelagobe, the agriculture minister. "Farmers' resources were depleted and more and more of them moved away from the land and stayed in the villages hoping to get famine relief."

Critics of the Government accuse it of not putting enough resources into agriculture in a country where three quarters of the population are still rural, but the drought makes it difficult to judge the success or failure of a series of agricultural programmes designed to help farmers and increase production.

Pula, or rain, is the national motto and Botswana keeps on hoping for a plentiful supply.

Beef, the traditional mainstay of the economy, has been superseded by diamonds but remains an important export. The state-owned Botswana Meat Commission (BMC) exports beef at four times the world price to the European Community under the accord between the Community and developing countries, although it cannot fulfil its annual quota of about 19,000 tonnes because some areas of the country do not meet EEC requirements on the control of foot and mouth disease.

"The livestock industry will be destroyed if we didn't have this accord," says Mr Lego Serema, BMC marketing manager.

South Africa is Botswana's second most important market, and BMC exports to Europe pass through South African ports, making the industry, along with Botswana's entire economy, vulnerable to retaliation in the event of sanctions against Pretoria.

**Main Crops**

| | 1980-81 | 1981-82 | 1982-83 | 1983-84 | 1984-85 |
|---|---|---|---|---|---|
| **Sorghum** | | | | | |
| Production ('000 tonnes) ... | 28.3 | 3.9 | 5.2 | 5.7 | 15.0 |
| Area planted ('000 ha) ...... | 14.3 | 92.7 | 126.3 | 114.4 | 122.8 |
| Yield (ton/ha planted) ...... | 0.20 | 0.04 | 0.04 | 0.05 | 0.12 |
| (ton/ha harvested) ... | 0.22 | 0.10 | 0.15 | 0.12 | 0.18 |
| **Maize** | | | | | |
| Production ('000 tonnes) ... | 21.4 | 12.4 | 8.5 | 0.5 | 1.4 |
| Area planted ('000 ha) ...... | 87.1 | 64.0 | 32.0 | 35.9 | 47.7 |
| Yield (ton/ha planted) ...... | 0.25 | 0.19 | 0.27 | 0.01 | 0.03 |
| (ton/ha harvested) ... | 0.26 | 0.52 | 0.43 | 0.15 | 0.19 |
| **Millet** | | | | | |
| Production ('000 tonnes) ... | 1.9 | 0.5 | 0.4 | 0.7 | 1.8 |
| Area planted ('000 ha) ...... | 19.9 | 16.0 | 16.5 | 16.7 | 16.1 |
| Yield (ton/ha planted) ...... | 0.10 | 0.03 | 0.02 | 0.04 | 0.11 |
| (ton/ha harvested) ... | 0.15 | 0.13 | 0.07 | 0.09 | 0.18 |
| **Beans, Cowpeas** | | | | | |
| Production ('000 tonnes) ... | 2.7 | 0.5 | 0.3 | 0.4 | 0.4 |
| Area planted ('000 ha) ...... | 26.2 | 20.2 | 21.4 | 17.3 | 15.7 |
| Yield (ton/ha planted) ...... | 0.10 | 0.03 | 0.01 | 0.02 | 0.03 |
| (ton/ha harvested) .... | 0.83 | 0.14 | 0.08 | 0.12 | 0.15 |
| Total production (tonnes) | 54.3 | 17.3 | 14.4 | 7.3 | 19.0 |

The crop year is from July to June
Source: Ministry of Agriculture.

Cattle have lost weight in the drought, and others have died on the way to the slaughterhouses in Lobatswe and Maun. The BMC kill is expected to fall below 200,000 this year after about 211,000 last year and 239,000 in 1984. If it rains, farmers will want to fatten their cattle and will sell even less.

Revenue in pula terms has held up because of exchange rate fluctuations, and the Bank of Botswana puts beef export value at Pula 102m (US$54m) in 1985 against Pula 95m in 1984.

The scope for major expansion of the cattle industry, which completely consumes each animal for beef and by-products such as pet food and hides, is limited. Three million is thought to be close to the maximum herd Botswana can support.

Attention is now being paid to increasing the annual take to about 15 per cent from under 10 per cent, and to improving the quality of the cattle. A new abattoir is planned for Francistown to increase production in the north.

The drought has also highlighted the potential benefits of smaller stock. "The total of sheep and goats rose in 1985 to 1.3m, a growth of 28 per cent," said vice-president and Finance Minister Peter Mmusi in his Budget speech this year.

"This is a reflection both of their hardiness and that their natural food supplies are less affected by drought. Such diversification is to be welcomed, especially since ownership of smallstock is more accessible to poorer people."

Looking back on successive years of failure for rainfed agriculture, the Government last year adopted a national food strategy which would allocate more resources to irrigation, promote the breeding of drought-tolerant and early-maturing seeds to minimise risk, and double the strategic grain reserve to about 30,000 tonnes by 1991.

Last year arable production was about 19,000 tonnes, compared with 54,000 tonnes in 1981 and only 7,000 in 1984. Preliminary estimates for this year put the harvest at about 30,000 tonnes, nearly a third from an ambitious commercial farming project at Mpandamatenga in the north-east which Mr Mmusi describes as the potential breadbasket of Botswana.

Conditions in that area were particularly good in the season just past but it is difficult to predict what the future holds for the scheme. It is remote from major markets and could be plagued by poor soils, although the area has more reliable rainfall than the rest of the country.

Other plans being investigated include a dam for irrigation south of the Okavango Delta and expansion of irrigation projects in the Tuli Block farms along the Limpopo river in the east, where citrus, cotton and vegetables are already grown. Rice-growing experiments continue in the Okavango.

The Botswana Agricultural Marketing Board has increased its prices above those of imported grains in an effort to encourage local production, while permits are needed to import fresh milk and a range of vegetables, again to protect producers in Botswana.

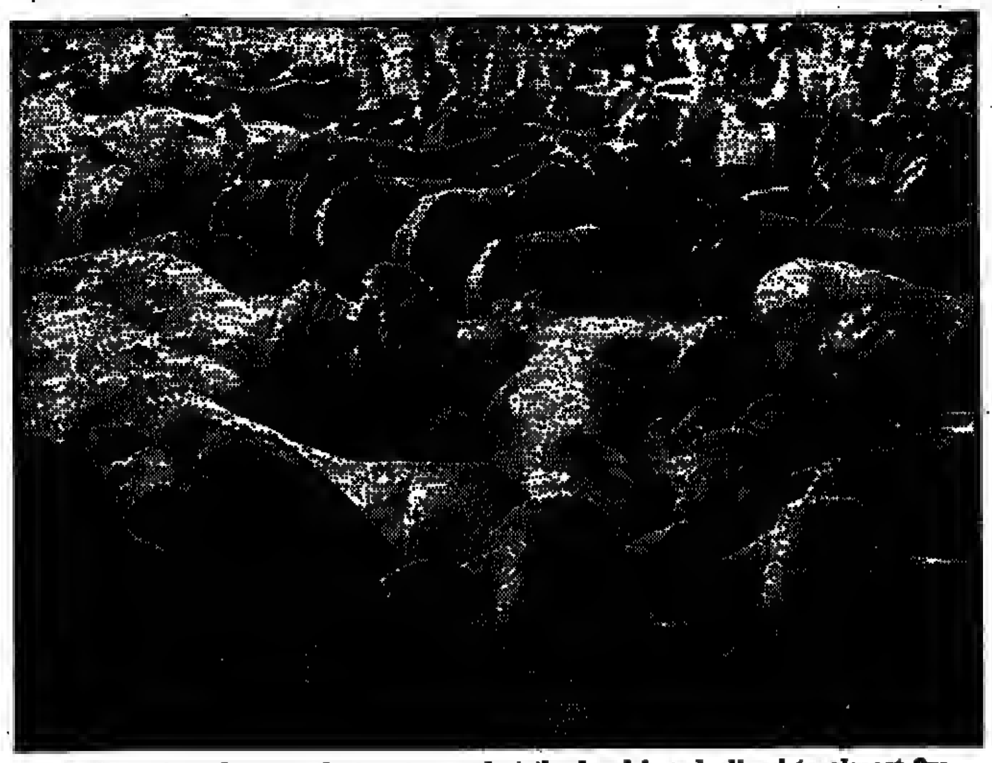
Agriculture in Botswana abounds in acronyms for a range of schemes aimed at promoting production. They include the Arable Lands Development Programme (Aldep), which helps small farmers with subsidies for implements, draught power, fencing and water projects, and the Accelerated Rainfed Agriculture Programme (Arap), introduced last year with the aim of providing them with seeds, fertiliser and other inputs.

All the schemes have been affected by drought, which has forced farmers to default on their obligations and often obliterated any progress which might have been achieved under better conditions. The Government has also come under fire for poor planning of some of the grant systems.

For Botswana, which faces growing unemployment and appears at least temporarily to have reached a plateau of mineral production, the development of arable agriculture could be an important source of jobs.

"It does appear agriculture would be the best reliable source of employment in the country," says Mr Mmusi. "We do have the land. Unfortunately the climate is not so good."

**Victor Mallet**



Cattle outnumber people two to one but the herd has declined to almost 2m

Tourism

# Paradise with an edge

THE Okavango Delta is advertised as the last Eden. It is a paradise with something of an edge to it, however. A huge oasis of waterways and islands where the hippos grunting in the reeds might one day feel inclined to overturn your fragile wooden canoe, and where the crocodiles and lions occasionally try to make meals out of tourists.

This unique inland water system, where the Okavango River loses itself and evaporates in the sands of northern Botswana, is the heart of the country's fledgling tourist industry, an industry increasingly being seen as ripe for exploitation.

"We think it could be our next wheel of development," says Mr Peter Mmusi, vice president and finance minister.

The Government has so far not devoted much attention to tourism, which is taking some Pula 20m a year in foreign exchange from an estimated 40,000 holidaymakers. Much of that money is spent on imported items such as petrol, but tourism ranks alongside textile exports as one of Botswana's main foreign exchange earners, after diamonds, beef and copper-nickel matte.

In spite of sporadic efforts to encourage wealthy tourists from overseas, many customers are relatively small spenders from neighbouring South Africa, and many of the safari companies and lodges in the Okavango are themselves South African-controlled.

Botswana is keen to exploit the available cash more effectively for its own citizens, and to create much needed jobs in rural areas. "Past strategy in this sector emphasised high cost, low volume tourism based mainly on Botswana's major wildlife attractions," says the Government's latest national development plan.

"This emphasis will continue to be appropriate, but the great improvements in internal communications, which will continue, could create possibilities for significant expansion of the industry."

Chawa Bogosi, director of the State Tourism Division and its staff of 16, has the task of promoting the Okavango and other tourist attractions while taking into account the needs of local inhabitants, and the rival demands of conservationists and farmers.

"We still have room for expansion," she said. "But we do not want mass tourism in Botswana. We do not want to overcrowd the tourist areas."

Botswana boasts eight national parks and game reserves covering 17 per cent of its land area, from the Gemsbok National Park in the south-west to Chobe in the north. But there is little control over the industry as a whole.

"We lose lots of money through tour operators who are not resident," says Ms Bogosi. "Payment is often done outside Botswana, so we have to apply strict measures. There are lots of loopholes."

Water is a valuable commodity in arid Botswana, and it is no surprise that farmers and businessmen have enviously eyed the water resources of the Okavango for many years. "It causes some concern," says Ms Bogosi, "because I as a Botswanan and a decision maker in the tourism industry may feel that I want the Okavango for tourism. But at the same time if you look at who wants to benefit from the Okavango Delta if it is to be used for agricultural purposes, I would myself be split between the two . . . we are a cattle-keeping nation."

Conservationists are angry about what they see as the Government's failure to come to grips with tourism. They say that local authorities in the Okavango region have agreed to at least 15 new tourist camps last year in spite of a government moratorium.

Illegal tourist operations are common. "It is a free-for-all and the whole product is being spoilt," says Eleanor Warr of the Kalahari Conservation Society. "It is not that there are too many people, it is just that they are uncontrolled."

Aside from the money to be made by attracting visitors to look at remote rock paintings by bushmen, or to go fishing, bird watching and game viewing, the Government is examining plans to improve its management of wildlife for hunting and for food. A wildlife conservation policy paper published this year outlining ways to increase revenue from trophies, skins and meat says that a fifth of Botswana's land—over and above the existing reserves—could be set aside as wildlife management areas.

"Research indicates that Botswana could be deriving far more economic value and employment without depleting the resources," says the paper. "In fact, an efficient use of our wildlife could be the best way of ensuring its protection."

As an international tourist destination, Botswana suffers from lack of publicity and distance from prospective customers. There are no direct flights from Europe to the capital, Gaborone, although negotiations are under way with British carriers who suspect sanctions against South Africa may cut off routes to Johannesburg.

But the country offers political stability and unmatched natural resources, and tourists can combine a trip to the Okavango and Chobe with a visit to neighbouring Zimbabwe and the Victoria Falls.

"It is a new discovery to the tourism world," says Ms Bogosi. "They have been going to Kenya, Tanzania and other places well known in Africa. Now they are beginning to look for new destinations, and we happen to be among them."

Tourism is already a growth industry in Botswana but it is a somewhat haphazard one. It remains to be seen if the country can make the most of the possibilities.

**Victor Mallet**

Minerals

# Diamonds put sparkle in economy

BOTSWANA's diamond deposits, discovered shortly after independence 20 years ago, have transformed one of tha world's poorest nations into an economically viable state. Last year diamonds worth Pula 1.05bn (US$544m) made up more than three-quarters of its exports, and they will continue as the basis for Botswana's development.

**Diamond Production and Sales**

| | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 |
|---|---|---|---|---|---|---|
| Production ('000 carats) | 5,101 | 4,960 | 7,768 | 10,731 | 12,882 | 12,634 |
| Sales value of production (P m) | 213.4 | 262.1 | 407.1 | 538.2 | 874.4 | 894.9 |

Source: Department of Mines.

De Beers found one of the world's largest kimberlite deposits at Orapa in central Botswana in 1967. Smaller deposits nearby became the Letlhakane mine. Jwaneng, in the south, began production in 1982.

Production at the three mines has reached a plateau, but the mining company Debswana, jointly owned by Botswana and De Beers of South Africa, could increase production if the world market continues to improve.

"There is still scope for marginal increase at very reasonable marginal costs," says Mr Archibald Mogwe, Mineral Resources and Water Affairs Minister. "When the market permits wa will increase production."

The mines, which yield a high proportion of gemstones with the less valuabla industrial diamonds, produced 12.6m carats in 1985, compared with 12.9m in 1984. This year's output is expected to remain above 12m, and deposits should last 40 years.

Stones are sorted locally for export, but a small diamond-cutting operation has not been a success.

Debswana continues to prospect in the Kalahari, although Mr Louis Nchindo, resident director, says that no worthwhile new diamond pipes have been found. The company's stockpile has stopped growing.

Botswana has other minerals including copper, nickel and coal, and is looking for oil. The government is interested in developing huge deposits of soda ash, salt and other minerals in a lake of brine under the crust of the Sua Pan, a potential investment of Pula 500m which would create hundreds of jobs. South Africa, facing economic embargos wants to reopen negotiations on the project for soda ash which is used in the glass, paper and steel industries.

BP, the investor, is relnctant to go it alone on a project which would depend on South Africa as tha principal customer, and is seeking partners.

The project is technically feasible and commercially viable subject to tariff protection, says Mr Mogwe. "It is not expected to generate high earnings but it will have significant multiplier effects."

Gold Fields and Southern Prospecting, two South African companies, are prospecting for platinum in southern Botswana. Placid Oil of the U.S. has shown an interest in oil exploration, while various agencies are providing funds for detailed reconnaissance.

Proposals for exploitation of coal resources have been shelved together with plans for a trans-Kalahari rail line to Walvis Bay in Namibia, as the coal cannot be economically exported at current prices.

After diamonds, copper-nickel matte mined at Selebi-Phikwe is Botswana's main mineral export. Tha complex, operated by BCL, started in 1974 and last year earned Pula 120m in exports. But its future has been jeopardised by low prices and a huge debt burden, requiring the principal shareholders, Anglo American, Amax and the Government to organise restructurings.

This year Botswana RST, the holding company, reported an accumulated deficit of Pula 1.23bn. BCL has agreed to pay Amax US$30m to terminate a sales contract and is sending most of its matte to Norway for refining.

Botswana, anxious to preserve the 4,000 jobs, is injecting funds into the mine and exploring diversification.

**Victor Mallet**

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# THE ARTS

## Cork urges devolution of English theatre

A radical shake-up of the structure and finance of English theatre was proposed in a report published yesterday. Among the main recommendations made to the Arts Council by the Enquiry Into Professional Theatre in England is a plan for six regional-based national companies.

Announcing the report, Sir Kenneth Cork, chairman of the enquiry, said that there were in the regions "six companies which, suitably uplifted by funding, could do it." The companies would retain their independence, but interchanges and co-productions with other national companies would be encouraged and they would make international tours as well as tours of the regions and other national theatre auditoria.

This development, says the report, is needed "to balance, to challenge and to stimulate the Royal Shakespeare Company and the National Theatre, and bring to all the English people the very best of world drama."

The inquiry has also proposed that the BBC should pay 1 per cent of its licence fee to an Arts Council fund for the theatre in recognition of the benefits broadcasting receives from live theatre. A similar fund would be paid by the independent television companies. Other funding would be obtained from a £5m Entrepreneurial Theatre Development Fund to support new projects which create more employment. The report also urges the government to exempt theatres from VAT and exclude local authority contributions to the arts from rate-capping rules.

The inquiry warns that if their recommendations cannot be financed the consequences would be "catastrophic for the national and international prestige of our theatre and our country." The only way to fund their proposals within present resources would be to withdraw funding from one of the Arts Council's biggest theatre clients: the National Theatre and the Royal Shakespeare Company.

"There is the possibility that one might become a receiving house. Productions produced outside London would come into London; the reverse of the present process," said Sir Kenneth.

Following allegations that Sir Peter Hall, director of the National Theatre, and Trevor Nunn, joint artistic director of the Royal Shakespeare Company, had amassed personal fortunes from the commercial exploitation of their companies' productions, the inquiry recommends that subsidised theatres must earn at least 50 per cent of money earned from subsequent exploitation of productions.

Both Hall and Nunn have strongly denied the allegations. Sir Kenneth said that the issue had been brought to his attention before the controversy became public.

For the effective administration of English theatre the enquiry suggests that the Arts Council's advisory Drama Panel be reconstituted as the Executive Drama Board empowered to allocate funding and formulate national policy.

Administration would also be devolved to Regional Arts Associations which would work closely with the Arts Council's Drama Board.

Summing up the report, Sir Kenneth said: "For too long the theatre in England has suffered from a loony system where commercial, touring and publicly-funded theatre have each travelled in their own little carriage without helping one another. We hope that as a result of the recommendations in our report that every sector will work together to make live theatre move healthily into the next decade."

Sir William Rees-Mogg, chairman of the Arts Council, said of the report: "It is a formidably thorough document which will certainly prove to be a milestone in the history of public funding of the theatre in Britain."

Other members of the enquiry committee, an independent body which received the support of the Arts Council, were Hugh Hudson Davies, a management consultant; Michael Billington, theatre critic of The Guardian; Diana Rigg, actress; Peter Todd, administrator of the Alhambra Theatre, Bradford; and Clare Venables, artistic director of the Crucible Theatre, Sheffield.

**Annalena McAfee**

## Rossini/Barbican Hall

**Max Loppert**

Rossini's *Stabat mater*, one of the most various, beautiful, and impressive of 19th-century choral works, had a good performance in Tuesday's London Symphony Chorus and Orchestra concert. The marbled quality of the music—marbled both in sculptural severity of outline and in eloquent profuseness of decorative detail—could not be completely captured in this hall (whose acoustics, hospitable enough to small groups, make a large orchestra and chorus sound at once uncomfortably hard-edged and thickly clotted in full cry).

Perhaps the conductor, Richard Hickox, did not always control the performance with this disadvantage at the front of his mind: he tended to push forward passages, such as the final double fugue, where a slower, statelier approach might have answered the case more effectively. But his forces, both instrumental and vocal, had been well prepared (the LS Chorus is singing strongly these days). And the conductor's response to the music, even when it left a somewhat volatile impression, obviously sprang from intense admiration for Rossini—for the sheer copiousness of his dramatic imagination as transferred to the concert hall, for the succession of serious goods (which surely includes the lyricism of the tenor's "Cujus animam") touched off with such mastery.

The quartet of soloists, the crucial feature of any *Stabat mater*, had been shrewdly selected—four young Anglo-Saxons, each combining the accurate musicianship that Rossini requires with the suitably theatrical temperament that brings his lines to life. In the most beautiful number of all, the alto's "Fac ut portem," Kathleen Kuhlmann made a touch light, but drew her line with wonderful steadiness and purity of timbre. John Tomlinson was a bass powerful without being effortful; the tenor, David Rendall, though suffering from a severe throat ailment, sang out with passionate abandon. And after a slightly pressurised start Rosalind Plowright brought to the soprano line her best vein of grandeur and sumptuousness—in this performance the "Inflammatus" was very far from the "spavined *cheval de bataille* of obsolete prima donnas" that Shaw once scorned.

The first half of the concert was affected more comprehensively by the acoustical handicap. Kodály's *Psalmus hungaricus* was rackety when loud and film-musicky when soft; Brahms's *Academic Festival Overture* is not a work that Hickox conducts at all idiomatically—on this evidence anyhow.

## British Library/Patricia Morrison

# Impressive pressed leaves

Illustrated leaves from a remarkable thirteenth-century English manuscript are now on view to the public in the British Library. J. Paul Getty II bought the Becket Leaves at Sotheby's in June for £1.4m. The four leaves, with 12 drawings, are all that remains of the only known illustrated *Life of St Thomas Becket*. Previously they were in a Belgian private collection, and at one point were part of the padding for another book. This kept the leaves in fine condition, and the delicate colours seem as fresh as ever. Their existence was unsuspected even by scholars, who knew this precious manuscript only from a reproduction of the last century.

Getty has lent the Becket Leaves to the British Library for a year or more, until his Oxford home is made ready to receive his treasures. But the Library has sold short both Getty and Becket, our premier English saint. The leaves are displayed in a dreary and sadly uninformative way; "they were even miscaptioned on the day they were unveiled to the press. Unfortunately, this is not the only recent British Library exhibition to combine understatement with scholarly loftiness, to such a point that exciting manuscripts fail to make their impact.

I would have liked to see reproductions of the reverse of each folio; it is asking too much of the public to have to keep dropping in until it has caught both sides of the pictures. It also seems sad not to have made more out of Matthew Paris, author of the *Life of St Thomas*. Matthew Paris, a monk of St Albans, was one of the liveliest and most important chroniclers of his time. He was also a fine artist, although it is now thought he did not illustrate the Becket Life, but made the translation from Latin into French. We are shown his illustrated *Lives of the Offas*, with minimal explanation of what Matthew was up to in this historical whitewashing of two English kings. But how could anyone resist reproducing his delicious sketch of an elephant; or showing the manuscript of his History in which he is shown on his death-bed? Matthew Paris was a great enthusiast, for heraldry, history, maps (he made some extraordinary ones for the time), and fortune-telling. It would be nice to have treated him more generously.

The Becket Life was passed around at court as a good pious read for the aristocratic ladies. It is easy to imagine their sympathies caught by the drawings, with their scenes of power and brutality confronted by the strength of humility. As Becket comes back from exile in France in 1170, a father struggles through the waves holding up a sick child for the saint to bless. In another scene, Henry II's knights trample on a woman with a baby in swaddling bands. Gestures are always wonderfully vigorous—skinny fingers signal warning, derision, defiance or welcome. The unknown artist captures brilliantly the drama of one of the best-known political confrontations in western history.

Folio 2v from the Leaves show Becket parting from Henry II of England and Louis VIII of France after failing to reconcile them in 1169. The royal guards are shown laughing at Becket's expense

## Tippett/Festival Hall

**Richard Fairman**

A festival of the music of Tippett and Britten is imminent. Tuesday's concert—an all-Tippett programme given by Neville Marriner and the Academy of St Martin-in-the-Fields—is not part of the festival and may well look like an impertinent intruder to the organisers; but for the small audience who turned up (a bad omen) it further broadened the scope of what promises to be a wide-ranging series.

In Tippett's case a continual reassessment is bound to yield rewards. However rooted in a particular time or culture each work may seem to be a rehearing invariably finds its relevance undiminished; and rebirth and renewal are themselves central reference points in Tippett's philosophy. From the glorious dawn in the *Midsummer Marriage* to the physical rebirth in the *Ice Break*, those ideas recur, prompting some of his most glorious music.

Renewal closes *A Child of our Time*. Led by the soprano, the four soloists greet the new spring with joyful overlapping phrases, while the orchestra builds upon a powerful ostinato. It is a heartwarming resolution and Marriner's account realised all its human warmth: deep, singing tone from the strings, a richness in the orchestral balance and a pure top line from his soprano Margaret Marshall, who floated effectively over the other soloists.

Unfortunately the rest of the performance had been less happy. Marshall began by searching for the right intonation and the mezzo Sarah Walker, most uncharacteristically, by searching for the orchestra, which she lost in her opening solo. These awkward moments aside, the technical details were looked after well enough. Philip Langridge and Thomas Allen made a reliable pair of male soloists and the Chorus of the Academy were well-balanced and accurate.

What they almost all missed was the raw impact of the piece. Tippett's score concentrates emotions in short bursts, but under Marriner's direction too many of those contrasts were smoothed away, too many specific feelings generalised. *A Child of our Time* has a fighting spirit. That voice was only raised once, when Sarah Walker attacked "The Soul of Man" with fire and indignation, the feelings that goaded Tippett in the beginning.

The *Fantasia Concertante on a theme of Corelli* opened this programme. The first of the Britten/Tippett Festival is tonight and will open with Tippett's *Wolftrap* Fanfare.

## Short list for Booker prize

The novels shortlisted for this year's Booker Prize for Fiction are:

The Old Devils, by Kingsley Amis (Hutchinson, £9.95); The Handmaid's Tale, by Margaret Atwood (Cape, £9.95); Gabriel's Lament, by Paul Bailey (Cape, £9.95); What's Bred in the Bone, by Robertson Davies (Viking, £9.95); An Artist of the Floatiog World, by Kazuo Ishiguro (Faber, £8.95); An Insular Possession, by Timothy Mo (Chatto and Windus, £9.95).

## The Fair Maid of the West/Swan, Stratford

**Michael Coveney**

"Toilets," as T. S. Eliot is scurrilously anagrammatised in Alan Bennett's *Kafka's Dick*, patronisingly dubbed Thomas Heywood "a facile and sometimes felicitous purveyor of goods to the popular taste." Eliot's intimacy with popular taste was always questionable, but it is hard to see what on earth today's populace would find to enjoy in this halting, broken-backed adventure story unwisely revived by Trevor Nunn in The Swan, Stratford-Upon-Avon.

*The Fair Maid of the West*, written in two parts, is a routine rumbustious tale of a Plymouth barmaid, Bess Bridges, who takes to the Spanish Main in a pitch black vessel in order to track down the supposed corpse of her beloved Spencer, a wealthy nobleman who has defended her virtue and been killed in action in the Azores. Spencer, of course, is not really dead. His nobility of spirit and English pluck have preserved him from the swarty infidel, although he is taken prisoner. Bess accidentally storms his imprisoning barque, but the reunited couple are promptly wrecked on the coasts of Barbary. Nearly raped and almost seduced by the King of Fez, Bess survives as her companions engineer a double bed trick; Spencer fights his way out of yet more captivity; and the marriage is renewed with a barbaric blessing inundated with happy wonder at noble Christian values.

Alastair Muir

Imelda Staunton as Bess

Nunn's company have taken one look at this rather sickening fiasco and proceeded to send the whole thing up when they can. But great stretches of the evening are buried beneath off-putting bonhomous commotion, grim folk songs (most of them sung by Bess and all composed by Shaun Davey) and the clattering of mechanical plot devices. Heywood wrote the two plays either side of Queen Elizabeth's death, and both were published in 1631. Nunn and the RSC keep moderate faith in Part One—which I believe would have been quite sufficient—filleting Part Two for the Barbary court high jinx and, probably mistakenly, dispensing with the Italian episode where Bess, now a Florentine lady, is seduced by her own lover on the Duke's behalf. That scene is about the best in the entire play. The RSC thought otherwise.

One scarcely has the heart to defend any of Heywood's ingratiating and tedious blank verse and prose, but Nunn hacks away at it with surprising insensitivity.

Imelda Staunton, that delightful and talented spitfire actress, storms around as the notorious Bess, a virtuous Moll Cutpurse who disguises herself as her own brother to see off the rapacious assault of the loudmouth, Roughman. This latter role is related by Pete Postlethwaite to his Jonsonian Bobadill, but he only really exists as a character for half an hour in the first act.

Another idiosyncratic performance is provided by Joe Melia, as the King of Fez, a pantomime turn with many a strong stare at Togo Igawa's over-articulate Bashaw and an impertinent wind section in the band. Paul Greenwood is another of Bess's originally treacherous allies who is reformed by her own example of ostentatious virtue and who proceeds, like Roughman, to give the heathen hell. Donald McBride is an indomitably jaunty pot-boy who plies his trade and sings his songs regardless of growing indifference in the auditorium.

The RSC treatment has not transformed this dross, as I'm sure was intended, into a glowing narrative pot-boiler. The author of *The Apology for Actors* and the fine domestic tragedy once presented at the National, *A Woman Killed With Kindness*, has posed a problem. Is he worth doing, in *Fair Maid*, for his reputation as a prolific and significant contemporary of Shakespeare or should he be irreverently exploded? The RSC cannot make up its mind.

## Don Carlos, Jenufa/San Francisco Opera

**Timothy Pfaff**

One wonders whether Verdi, who left Paris in disgust the day after the Paris premiere of *Don Carlos*, would have stayed to the final curtain of the new production of his grand opera which opened San Francisco Opera's fall season earlier this month. Nothing so untoward occurred as on March 11 1867, when Marie Sass, the Elisabeth de Valois, answered "no" instead of "yes" when asked if she would take Philippe's hand. But the San Francisco Production, by John Cox, with horrid designs by Stefanos Lazaridis, otherwise strayed far from anything one could imagine as Verdi's intention.

The most Verdian, and nearly the last Verdian component of the production was its laudable—if, in the event, sometimes ill-advised—musical version, in five acts and sung in French. Restored to the great score were the scene in which Elisabeth and Eboli exchange masks and mantillas, the Philippe - Carlos "Acrimosa" duet over the dead Posa, the haunting Elisabeth-Eboli duet (in which Eboli confesses to adultery with Philippe) before "O don fatal," and the softer 1867 ending now familiar to Covent Garden audiences.

The most significant music reinstated was the original prelude and introduction, whose sombre chorus gives the work its epic expanse from the start and immediately introduces the important downtrodden masses. Given the inclusion of all that fine music, the small cuts from the Elisabeth-Carlos exchanges in the outer acts seemed unwarranted.

As the Fontainebleau act unfolded, with its implausible staging and hideous set, one began to wonder why the company bothered with it. The "forest" was represented by a straggly copse far upstage, the plastic drops meant to suggest ice but looking more like old shower curtains. And instead of making her admittedly problematic entrance on horseback, Elisabeth appeared from beneath a giant plastic sheath, which flew up to reveal her standing on a square of astroturf planted with garish plastic flowers. This was hardly a staging to clarify later developments.

Although there was much talk of "concept," this production seemed almost grudging in its refusal to reveal the thought behind it. The preference for a shaky, cantankerous Grand Inquisitor (a wobbly Joseph Rouleau) over a blind one, for example, hinted that its ideas were less good than Verdi's.

Uofortunately, this was not a Don Carlos at which one could close one's eyes and revel in the music. Its most un-Verdian aspect was the inert conducting of Sir John Pritchard, who in his first assignment as the company's first music director showed little feeling for the music's sweep nor for his cast, which he seemed disinclined either to lead or to follow. The playing seldom rose above the routine, and ensemble anywhere was rare.

The production so determined the character of this Don Carlos that the singing didn't much matter. Rather miraculously, Robert Lloyd, in lustrous voice, sang a commanding, complex Philippe. After the touching scene in which her lady-in-waiting is banished (one of the high points of opening night), the Elisabeth, Pilar Lorengar, found her dramatic focus, singing splendidly thereafter and building to a powerful, affecting last act. Neil Schicoff was an unusually intense, labile Carlos, producing some virile sounds, as well as many strained ones.

Alan Titus and Stefania Toczyska, the Rodrigue and Eboli, mysteriously managed to remain unaffecting in two of Verdi's most compelling roles. At least Titus could sing all of his music. Deborah Voigt's celestial voice was in every respect the saving grace of a lumbering auto-da-fé, hobbled by extraneous business and empty spectacle.

The production showed the company's estimable creative forces at their worst. The normally exciting chorus seemed ill at ease and seldom produced more than muffled, disorganised sound. Thomas Munn's usually magical lighting was harsh and obvious. More typically, the costumes were sumptuous and beautiful — yet on the occasions in which they mattered (disguise is almost theme in this opera), they were fumbled.

The performance made a poor case for playing the rarely heard finale. The big ensembles were in ragged disarray, and the soft concluding bars sounded tired, not magical. In San Francisco Verdi's noble opera ended not with a bang but a whimper — disappointingly, given company director Terence McEwen's apt description of the project as "the first major international production of the complete *Don Carlos* in French since it was presented 100 years ago."

*

A far more artistically satisfying "first" was the company's third production. A revival of *Jenufa* that marked the first live performances in Czech of Sir Charles Mackerras's edition of Janácek's score, which expunges Kovarovic's "improvements" of the composer's orchestrations. Although the *Don Carlos* had demonstrated that the soundest edition can be undercut by a misguided performance, in San Francisco Sir Charles himself led a performance of tremendous impact.

In almost rudely plain 1969 sets by Leni Bauer-Escy, Wolfgang Weber staged a naturalistic, utterly believable *Jenufa* that went straight to the work's searing core. To the last chorister and the smallest comprimario role, the characters lived their tragic story.

In the title role Gabriela Benackova gave an opulently-voiced, highly inflected reading, capped by an inward second act "hail mary" of Desdemona-like tenderness. Singing Kostelnicka in Czech for the first time, Leonie Rysanek painted the sacristan large, etching her musical portrait in acid. In gleaming, superbly-focused voice she rode the musical climaxes as thrillingly as ever, was heart-rending in her hushed, guilt-wracked moments—and transfixed her audience at the second act finale without a single note to sing. Wieslaw Ochman, in ringing voice, was a compelling Laca; exaggerated in many of his responses, yet quite like Laca in that.



# Arts Guide September 19-25

## Exhibitions

**ITALY**

**Venice: Palazzo Grassi: Futurism and Futurisms:** Fiat opens its art centre on the Grand Canal with the largest exhibition to be devoted to the Futurist Movement, a movement born in Italy, and the first to exalt technology, and to try to convey speed on canvas. More than 300 works have been lent. The paintings are mainly from 1909-18, but there are also sections devoted to literature, theatre, music, architecture, fashion and furniture, showing futurism's influence up to 1930. Ends Oct 12.

**SPAIN**

**Madrid, Prado Museum.** French, Spanish and Italian paintings of the 18th century. This exhibition from the Prado collection includes works not seen for 15-20 years as well as recent acquisitions. Tiepolo, Bayeu, Maella, Paret, Juan Bautista, Mengs. Palacio de Villahermosa, Plaza de las Cortes 6. Ends Sept 30.

**SWITZERLAND**

**Lugano: Villa Favorita: Goya In Private Collections:** 50 paintings by Goya, normally impossible to see and which have never travelled before. The exhibition is organised by Baron Thyssen and the Spanish Minister of Arts. Among them is the portrait of the Contessa di Chinchon, considered the best of Goya's paintings of women. Ends Oct 19.

**PARIS**

**What is Modern Sculpture?:** Rather arbitrarily, the American art critic Margit Rowell answers by excluding Rodin and Maillol from the 1900-1970 period. Her criterion is a break with tradition, and tin, welded wire, plywood and string are next to sculptures in bronze and marble. There are some splendid works by Picasso and Matisse, Brancusi and Giacometti. The exhibition continues from the 5th floor to the forum in the basement with Beuys and Arte Povera and is unspeakably depressing. Centre Georges Pompidou, Closed Tue (42771112) Ends Oct 13.

**NETHERLANDS**

**Eindhoven, Van Abbe Museum.** Currently drawing a record number of visitors to the 50th anniversary 'Eye level' exhibition of its entire collection. The 1,500 works read like a roll-call of modern art, from Chagall, Kandinsky, Braque and Picasso to Klein, LeWitt, Baselitz and Kiefer. Ends Nov 9.

**WEST GERMANY**

**Munich, Lenbachhaus, Luisenstrasse 33: Hommage à Beuys:** 60 painters exhibit some 100 pictures with 150 late works by Joseph Beuys (1921-1986). Ends Sept 28.

**NEW YORK**

**Cooper Hewitt Museum:** Hollywood, Legend and Reality celebrates the history of America's greatest popular culture in all its excesses and intimacies through the various crafts like production, direction, editing and special effects. Ends Oct 25.

**CHICAGO**

**Chicago Historical Society:** Louis Sullivan, a seminal figure in American architecture, is celebrated in an exhibit in the city he made architecturally famous with newly made models of his buildings along with drawings, sketches and building fragments emphasising his use of ornament. Ends Dec 31.

## October concerts at the Wigmore Hall

German baritone Hermann Prey is to return to the Wigmore Hall during October to give three Schubert recitals. These will be on October 10, 11 and 13.

Another highlight will be the visit of Russian pianist Shura Cherkassy, who on October 9 plays Busoni, Beethoven and Chopin. He will also play Grieg, Bernstein and adaptations of Bach, Strauss and Chaikovsky in a Sunday morning coffee concert on October 19.

*Franz Liszt's* birthday on October 22 is marked by pianist Leslie Howard launching a series of three Liszt recitals. On October 6 there will be a Hare Keller memorial concert in aid of the Motor-Neurone Disease Association.

FINANCIAL TIMES

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Thursday September 25 1986

# Weakness in US banking

WHEN one of the world's largest bank holding companies moves in less than half a dozen years from the top to the bottom of everyone's estimate of what constitutes a well run bank, it is not altogether surprising if markets are confused. All the more so where, as in the case of BankAmerica Corporation, the management seems constantly surprised by the poor figures it unveils so regularly.

Yet confusion is one thing; panic quite another. The rumours, hotly denied by the management, that afflicted BankAmerica's stock price last week probably tell us more about the curious psychology of today's market than about the bank. Certainly this California-based giant, with more than $100bn of assets and $4bn of capital, is a rather curious case on which to base assertions about some wider malaise in the US financial system.

Unlike Continental Illinois, which was rescued by the authorities in 1984, Bank-America is one of the least plausible candidates in the US for a liquidity crisis. For a start, it claims to be a net supplier of funds to the international markets, which is where the trouble started at Continental. It is also one of the world's biggest retail banks, enjoying a huge and stable raft of deposits from private individuals in California, which are underpinned by the Federal Deposit Insurance Corporation.

### Adverse shifts

The real problems concern the poor quality of the loan book, where the bank has managed to spread its money across every troubled sector of the Californian economy, ranging from energy and agriculture to shipping and real estate, as well as Latin America. Non-performing loans as a percentage of equity are so much higher than at other Californian banks such as First Interstate, Security Pacific and Wells Fargo as to suggest that credit control became a victim of BankAmerica's ambitious pursuit of growth.

For the moment the crisis of confidence is about the credibility of a management that has outstayed its welcome with investors. In this it contrasts with the countless other problems that prevent American bank supervisors from sleeping soundly at nights. In the oil states of the sunbelt, for example, the narrow concentration of bank loan books simply reflects an underlying lack of diversity in the business of the state itself. Other states of the union have seen adverse shifts in the terms of trade affecting the basic commodities on which their economies depend, which in turn affects the quality of bank loan portfolios.

This highlights a fundamental weakness of the American banking system, which is that much of the regulatory framework is potentially destabilising. On the deposit side of the balance sheet, restrictions on retail branching have contributed to the vulnerability of banks like Continental Illinois. On the asset side controls on interstate banking have tended to cut both ways: while they probably ensure that the banking system is more sensitive to the needs of local business, they make it hard for banks to spread their risks beyond state boundaries.

### Sober approach

When the pigeons come home to roost, those same restrictions on interstate banking make it harder to work bad loans off the balance sheet. They also exacerbate the consequences of the inevitable temptation to seek highly speculative business that holds out the prospect of high profit margins in the attempt to rebuild capital ratios.

The regulatory boundaries have, in recent years, been eroded by the courts. The scope for future trouble has also been reduced as a more sober approach to bank lending replaces the growth-at-any-cost school of any earlier era. And indeed the quality of bank loan books stands to gain from the recent devaluation of the dollar, which will permit large sectors of the American economy, including many of those that are conspicuously depressed in BankAmerica's home state, to reassert their competitiveness. Not all the signals in banking point in the direction of panic.

# Easy money for the TSB

LENGTHY QUEUES outside the banks, applications in fictitious names and a final scramble to submit the forms as the deadline approaches are all the ingredients of what is considered a successful share flotation.

In the case of the £1.5bn TSB share flotation for which applications closed yesterday, the success will be limited to those applicants fortunate enough to receive an allocation of shares. For the Government, the TSB and its advisers, the issue is proving to be more of an embarrassment than a success.

The issue is leading not only to a misallocation of capital but also promoting individual share ownership in such an artificial way that few of the supposed benefits are likely to prove long-lasting.

These problems can be traced back to the Government's impatience to proceed with the share flotation on the basis that the TSB belonged to no-one, without waiting for the judicial process to run its course. The suspicion is that the Government prodded the TSB into going for a flotation in advance of the British Gas privatisation in November, in the belief perhaps that it would act as an appetiser.

It was thus unable to take into account the final ruling of the House of Lords' judicial committee in late July that the TSB was not ownerless but belonged to the Government. If it had followed the Lords' ruling, sold the TSB itself for a price close to the £900m of tangible net assets, and kept the proceeds — or, more astutely, returned them to the public through a tax rebate — the outcome might have been more satisfactory. However, by the time of the ruling the Government was already committed and no doubt regarded the idea of claiming the assets for itself as politically out of the question.

Nevertheless, by giving away the £900m to those who subscribe for the £1.5bn share issue, the Government has guaranteed a massive over subscription. More seriously, the TSB, which was over capitalised even in advance of the flotation, has now become bloated with nearly three times as much capital as it needs for its normal business.

### Windfall profits

To make effective use of all the extra money before the protective layers that have been erected against a hostile take-over bid are dismantled, the TSB will be forced into a spending spree over the next five years. And that could lead to further inflation in the prices of insurance brokers and estate agents, if those are to be the targets of the TSB's attentions, and may stretch too far the capacity of the incumbent management.

The other consequence of the £900m bonus which has been offered to share subscribers has been to make it almost certain that, when dealings start in the shares, a substantial premium to the offered share price will be struck immediately, regardless of the general stock market and economic conditions.

It is that guarantee which has ensured the popularity of the flotation and made it possible for the TSB to claim that it has done as much, if not more, than the British Telecom sale in 1984 to widen individual share ownership. The BT share offering, although seriously underpriced, was at least similar in many respects to conventional company flotations.

But the circumstances of the TSB flotation are so atypical that they are unlikely to teach the lucky new shareholders much about the usual risks and rewards of share ownership, let alone the methods of evaluating company shares or the workings of the UK financial system.

Indeed the windfall profits could even increase the general cynicism about the workings of the City and strengthen the belief that many of its practitioners consistently pocket large sums without making any economically valuable contribution.

### Excessive bias

The Government is entirely justified in seeking to use the privatisation programme as an opportunity to expand share ownership both among employees and among the public at large, and this has been done successfully in several cases. Their troubling aspect of the BT and TSB issues has been the element of "bounty" involved, which may create a misleading impression of what share ownership is about. More fundamentally, the Government has not yet directly attacked the tax distortions which over the past 20 years have given an excessive bias to pension fund and institutional investment. The tax concessions contained in the proposed Personal Equity Plans will in their present form do little to neutralise the bias.

## DEBT AND THE BAKER PLAN

# Mexico concentrates the mind

By Peter Montagnon, Euromarkets Correspondent

DETRACTORS would call it a post-mortem examination, supporters a progress report. Either way round the annual meeting of the International Monetary Fund which opens formally in Washington next week is bound to stir fresh debate on the Baker Plan for easing the developing country debt crisis.

The meeting takes place against a backdrop of mounting unease over the direction of the debt problem, which has threatened for four years to engulf the world financial system as developing countries struggle to service their $710bn medium and long-term foreign debt. Faced with sluggish growth in the industrial world this year, the demands made by the developing countries on their creditors have become increasingly strident.

Concrete results for the Baker Plan, lauched in Seoul a year ago by Mr James Baker, US Treasury Secretary, remain as tantalisingly elusive as the original plan was vague. Now, however, the IMF meeting coincides with its first major test in the form of the $12bn rescue package being put together for Mexico to help it service its $100bn foreign debt.

At first glance the Baker Plan has achieved none of its stated objectives.

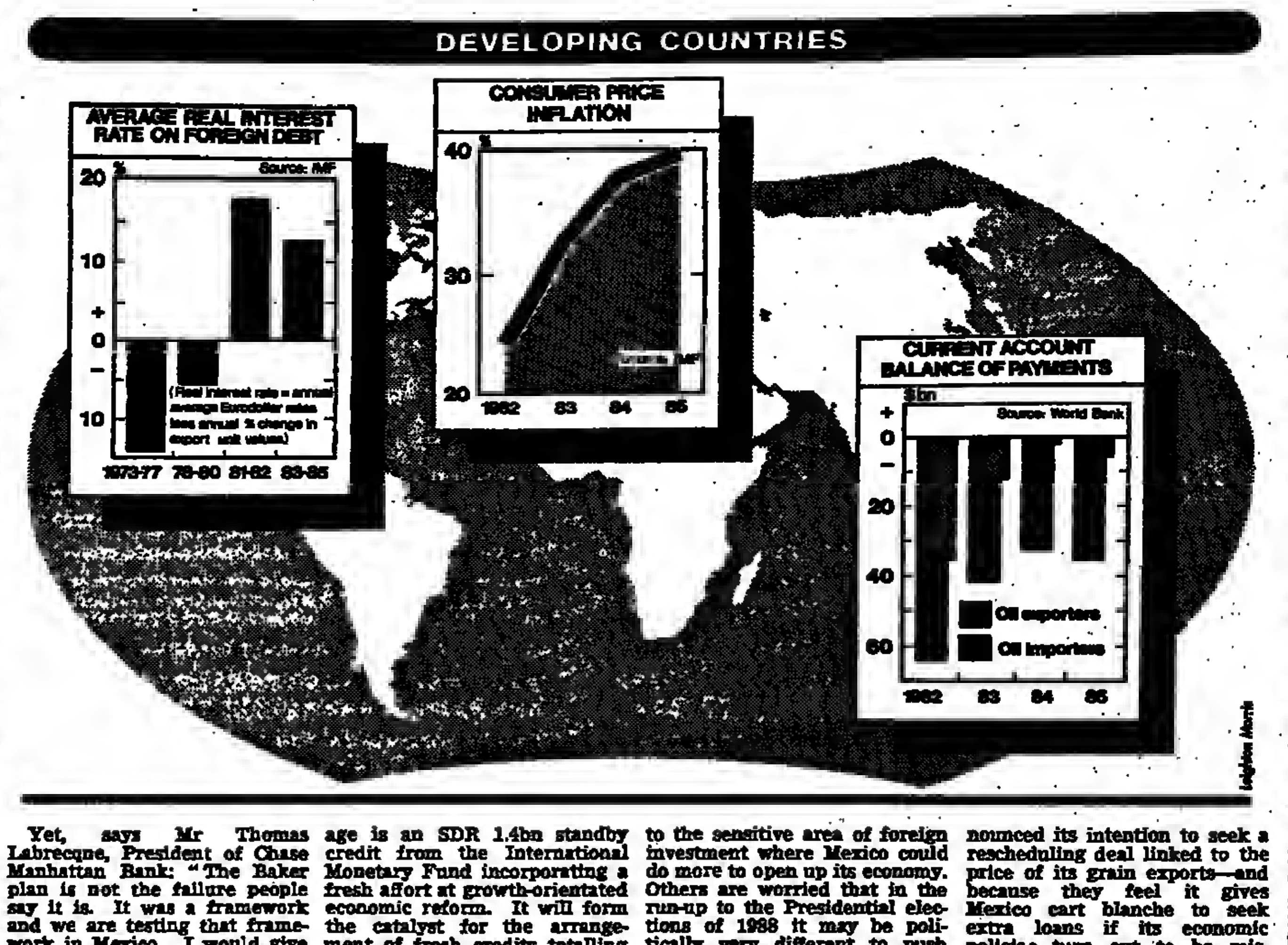
Mr Baker called on developing countries to adopt a new form of economic adjustment that would secure growth for their economies. In return creditors were to commit themselves to supplying extra finance, with commercial banks and multilateral development institutions such as the World Bank each agreeing to provide a net $20bn over three years to a specially selected group of 15 countries with a combined foreign debt of some $430bn. They are Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Ivory Coast, Mexico, Morocco, Nigeria, Peru, Philippines, Uruguay, Venezuela and Yugoslavia.

So far there is no sign either of higher growth or of fresh money. According to the annual report of the World Bank published this week growth in developing countries slipped to 4.3 per cent last year from 5.4 per cent in 1984. The consensus is that the rate will fall further in 1986.

Mr Baker's call for commercial banks to increase their lending to developing countries —by an average 2½ to 3 per cent a year—has met a similar fate; lending has been falling. The Bank for International Settlements recorded a drop of $5.2bn such lending during the first quarter of 1986 and there has been no sign of a pick-up since.

New loan commitments by the World Bank did rise by some $1.8bn to $13.2bn in its fiscal year which ended on June 30. They are scheduled to rise further to between $13.5bn and $17bn this year, but disbursement of loans by the Bank actually fell last year as did its net transfer of resources to current borrowers which stood at $3.2bn in 1985-86 compared with almost $5bn a year earlier.

DEVELOPING COUNTRIES




Yet, says Mr Thomas Labrecque, President of Chase Manhattan Bank: "The Baker plan is not the failure people say it is. It was a framework and we are testing that framework in Mexico. I would give it a little longer."

One reason why creditors are clinging to the Plan is simply because there is nothing else around that offers hope of a viable long-term strategy for dealing with the problem. For debtors too the Plan is better than nothing at all.

For all its vagueness the Baker Plan is, in fact, deeply radical in its underlying philosophy. Before it was launched no one talked in terms of combining austerity with growth. The very existence of the Plan thus raised a whole range of questions about the techniques to be employed.

This was always likely to be a long and complicated debate but it was rudely interrupted by the plunge in the oil price earlier this year. Oil had a dramatic effect on the outline numbers of the Plan because of the 15 countries selected by Mr Baker as guinea pigs for his new form of treatment, a majority are in fact oil-producing countries. In aggregate they stand to lose some $30bn in export revenue this year because of the low oil price.

Now with the Mexican package in its final stage of elaboration, there is no time left any more for philosophical and technical discussion on the meaning of growth orientated adjustment. For better or for worse the Mexican package will be seen as the Baker Plan in action. On its success hinges the success of the whole plan

The cornerstone of the package is an SDR 1.4bn standby credit from the International Monetary Fund incorporating a fresh effort at growth-orientated economic reform. It will form the catalyst for the arrangement of fresh credits totalling some $10bn to $12bn. Of these commercial banks have been asked to contribute $6bn.

Even officials at the IMF admit that the deal carries a high degree of risk. Doubts abound on almost every major front. Is the package too lenient in its short-term efforts to offset the impact of the falling oil price on Mexico's economy? Will Mexico summon up the political will to implement the structural changes envisaged under the package? And will the country's 500 commercial bank creditors around the world stump up so much in fresh finance?

At the time of its IMF agreement, Mexico circulated to its main bank creditors a document containing a long list of structural measures it had already undertaken to improve the efficiency of its economy. These range from its decision to joint GATT (the General Agreement on Tariffs and Trade), which implies a commitment to liberalise its foreign trading rules, to a major privatisation programme for state sector companies. The price of a ticket on the Mexico City subway has even been raised to Pesos 20, a twentifold increase even if the new ticket still only costs the equivalent of 5p.

Yet many creditors feel that more needs to be done. "We do not think that Mexico has done enough," says Mr Geoffrey Styles, vice-chairman of Royal Bank of Canada. Bankers point to the sensitive area of foreign investment where Mexico could do more to open up its economy. Others are worried that in the run-up to the Presidential elections of 1988 it may be politically very different to push radical changes through.

The IMF does not comment officially on such specific country situations. Privately, however, some of its officials say that prescribing structural change for debtor countries is much easier than implementing it. "Structural change is politically hard to sell. You have to sell it to the vested interests at home and persuade them that it's good for them, when in the short run, of course, it's not," said one.

"Progress is going to remain modest because you're dealing with political forces, political responses and political behaviour that most of us in technical institutions know very little about," he continued.

Certainly political pressure was the main reason why the IMF decided to drop its original demand that Mexico cut its projected budget deficit this year by more than half to just 5 per cent of gross domestic product. Under its IMF programme the outturn is expected to be closer to 10 per cent. Moreover the IMF is committed to arranging extra finance for Mexico if either the oil price falls below $9 per barrel or if its economy fails to achieve a reasonable rate of growth defined as 3 to 4 per cent by the end of the first quarter of 1987.

This is one of the most controversial aspects of the new Mexican deal. Bankers do not like it because they feel it sets a precedent for other countries —already Argentina has announced its intention to seek a rescheduling deal linked to the price of its grain exports—and because they feel it gives Mexico cart blanche to seek extra loans if its economic policies turn out to be misguided.

Already worry is growing that the IMF has been too generous with its errant client. News that Mr Jacques de Larosiere, its managing director, plans to announce his resignation during the annual meeting will only serve to intensify speculation of deep uncertainty within the IMF itself over the wisdom of letting the country's economic policy makers off the hook. In political terms this may have been inevitable because of the falling oil price, but inflation, the bugbear of many Latin American countries, is on a steeply upward trend. Consumer prices rose 8.1 per cent in August bringing the annualised rate to 98 per cent compared with 64 per cent at the start of the year.

Concerns like this feature strongly in bankers minds as they struggle to complete negotiations on a new $6bn financing package due to be unveiled within the next few days. There seems to be little doubt that such a package can be agreed by the main group of largest lenders, but whether it can be sold to the country's 500 creditors world-wide is another matter.

For Mr Baker has signally failed to inspire bank lenders with fresh enthusiasm for lending to developing countries. Large loans have become increasingly hard to syndicate, and some bankers at least are looking at other ideas.

Mr Franz Luetolf, general manager of Swiss Bank Corporation, suggested earlier this month that banks should move to a system of capitalising interest payments. Instead of lending debtors fresh money to pay off their debts, they should simply add interest due to a country's existing debt. This would be "the fairest way of ensuring the participation of all banks with a relatively balanced division of the burden," he said.

Mr Luetolf is still in the minority. One often-voiced argument against such an idea is that it would weaken the bargaining power of banks vis-a-vis their developing country clients. Instead other approaches such as swapping debt for equity and a still greater link-up with the World Bank are coming under general scrutiny.

Chile has managed to reduce its $20bn foreign debt by some $1bn with debt-equity swaps and its success has prompted other countries ranging from Mexico and Brazil to the Philippines to examine its potential.

Yet the help that such swaps can provide is still expected to be marginal at best. No one expects that it will generate inflows of capital of a size that developing countries now require. For that, bankers are looking to official sources.

Their greatest hope at present lies in linking their lending in to the new sector adjustment lending programmes being undertaken by the World Bank. These are loans designed to finance structural reform in individual economic sectors such as agriculture, banking and foreign trade. Because they are released only as reform actually occurs they hold out some comfort to commercial lenders looking to see that their own loans are used to implement much-needed reform. Insofar as sector lending by the World Bank would boost overall flows of finance to the debtor countries, it has the added advantage of showing clearly that the official sector is willing to pick up some of the burden.

Bankers say it would also help if the main industrial countries were to agree to increase the capital of the World Bank so that it can finance extra lending of its own.

Such an increase is unlikely to be high on the agenda of the forthcoming annual meeting, however, and falling an immediate and sharp increase in the World Bank's own lending activities, bankers are having to pin their hopes on the greatest uncertainty of all.

This is that the fall in oil prices will sooner or later lead to a revival of growth in the industrial economies and an increase in the volume of world trade. That would do more in the short term than the Baker Plan ever could to revive economic growth in developing countries too.

With a fresh scent of growth in the air, politicians in developing countries would find it easier to push through structural change—and their bankers might not be quite so loathe to loosen their purse strings.

# Men and Matters

## IBM veteran for French industry

The French government's appointment yesterday of Jacques Maisonrouge, 62-year-old former head of IBM Europe, as director general of industry, marks a revolution in the closed world of French public administration.

An engineer who spent 38 years with IBM, becoming the first Frenchman ever to make it to the board of Big Blue, Maisonrouge is the first manager from the private sector to be picked for a key civil service post.

His appointment, he confessed yesterday, could be a risky move by the government and France's liberal industry minister, Alain Madelin.

But Maisonrouge, who recently wrote a book about management and has been working with L'Air Liquide since leaving IBM two years ago, wasted no time in spelling out his entrepreneurial message. He wants to reorganise the industry ministry to provide better service to the competitive interests of French industry.


"Garner, Richards, now Boycott, looks like Militant Tendency has infiltrated more re-selection committees."

His appointment is also an unusually open tribute to the virtues of American business practices by the French government. Despite France's traditional craze for all things American, IBM has long been regarded with mixed feelings by successive French governments.

Even when Maisonrouge headed its European operations, respect for the biggest computer group in the country with more than 20,000 employees (and one that projected itself as more French than the French) was always tinged with suspicion.

Maisonrouge sought to reassure all and sundry yesterday of his deep-rooted commitment to his country. "Everyone must serve his country," he said. "When I was living in the US, I had a constant ambition to give France a better image and make foreigners understand what French industry and science is all about."

His aim now is to turn his department into "the ministry of international competitiveness." To that end, he is likely to dig deep into his long association with one of America's biggest business successes.

## Market day

Traders in the City's new gilt-edged market would be well advised to get a good night's sleep tomorrow. The Bank of England is taking the practice run for the new market on Saturday morning very seriously indeed.

The Old Lady has circulated an exhaustive economic briefing among the 27 prospective market-makers as the background to a barrage of figures it will be issuing to test their mettle ahead of Big Bang.

At 9.15 am, the Bank will be sending its money market forecast over the tapes, and 15 minutes later money supply figures for banking September. At 9.45 traders will have to react to a revised money market forecast, before coping with both retail price figures and public borrowing statistics at 10.15. Finally, to catch the international flavour, the tapes will carry a flash forecast of US GNP growth in the third quarter, 15 minutes afterwards.

All the data, of course, will be imaginary. But the Bank has gone to the trouble of providing summaries of market expectations for each set of statistics.

What my source is wondering, though, is whether the Bank will dare to publish figures for the money supply that are as bad as they usually are in reality. And since everyone is expecting a surprise base rate change during the morning, whether the Bank will risk announcing the rise in borrowing costs that increasingly looks possible in the real world.

## Reed growth

TO BE YOUNG and to have experience of the north American market is double bliss if you are an aspiring manager in Reed International.

The company is making a determined effort to place youth firmly at the helm, while reshaping the business to earn half its profits in North America — a target which will probably be achieved within the next year.

All of which means that Nigel Stapleton, currently vice-president of finance for Unilever United State in New York, fits like a glove in the Reed senior management ranks as the new Reed International finance director.

Although a seasoned Unilever man, Stapleton is still only 39. He became commercial adviser to Michael Angus (now the Unilever chairman) in 1980 when Angus was the group regional director for North America. Since 1983 Stapleton has been vice president finance for the Unilever US businesses with sales of more than $3.5bn a year.

The Reed youth cult is running strong. Leslie Carpenter, aged 58, chairman and chief executive, is to move upstairs by early next year so that Peter Devsi (formerly assistant managing director of Sainsbury), aged 44, can take the chief executive post.

Peter Williams, aged 44, has been on the Reed board for two years in charge of North American paper and packaging operations.

Peter Burns, and Ronald Segel, both in their early 50s have recently joined the Reed board.

## No time

When will the time be ripe for sterling to join the European Monetary System?

There were those who once would have bet heavily on it doing so when it dropped to a rate of DM 3.40. But now the pound languishes below DM3—and still no sign of a move.

Jacques Delors, president of the European Commission and, by definition, an enthusiast for the long-awaited event, says it reminds him only too well of a pre-war French pop song by saxophonist, Alex Campbell:

"C'est trop haut, c'est trop beau,
C'est trop bas, ca ne va pas."

## End piece

Framed sign over a senior equity dealer's desk in Morgan Grenfell Securities:

"Two ways to slit your throat after the Big Bang:
1—Don't do the trade;
2—Do the trade."

**Observer**

# The drive for the Yuppie gap

By Raymond Snoddy

The Independent

Andreas Whittam Smith, editor and director of The Independent. Trevor Humphries

THE INDEPENDENT, the new British national newspaper, confronts with admirable honesty and clarity the question aimed at its heart.

"Is there room for another quality daily?" the slick advertising produced by Saatchi & Saatchi inquires. "Forty-eight of Britain's top journalists think so," comes the half answer.

The list of signatures and by-lines that follow certainly impresses—were it not for the fact that journalists are probably the last people to answer such a hard-nosed question.

For the story of The Independent reads like a newspaper romance which in earlier days could have turned up as a green eye-shade "B" movie.

It is the story of how three Daily Telegraph journalists put up £1,000 of their own money, went to the City of London and raised £18m to start producing the politically independent newspaper of their dreams far from the reach of paternalistic or despotic proprietors.

The first real sign whether such an incredible story could possibly have a happy ending will come on Tuesday, October 7 when, what is claimed to be Britain's first new quality daily newspaper in 131 years "hits the streets."

To succeed it will have to take on the financial muscle of Mr Rupert Murdoch's Times, the weight of the Daily Telegraph and its loyal if ageing readership, be more independent than The Guardian and then persuade a host of people who now do not regularly buy a newspaper to subscribe.

The Independent is the latest manifestation of the changes sweeping the British national newspaper industry. With Mr Eddie Shah's paper Today acting as catalyst, the union barriers to new technology have crumbled and with them the costs of launching national titles.

The Independent will be produced by a total of 355 people, of whom 182—the majority—will be journalists. Traditional newspapers have employed more than ten times that number. They will enter their copy directly into terminals in an electronic newsroom and the pages, with the exception of the pictures, will be made up on screen.

When they are complete they will be shot down the lines to presses in Portsmouth, Peterborough, Bradford and Sittingbourne, where The Independent will be printed under contract.

Apart from heralding the coming newspaper revolution Mr Shah was also indirectly responsible for the spark of an idea that led to The Independent. Its origins lie in a telephone call in March 1985 to Mr Andreas Whittam Smith, founder and editor of The Independent. A Business Week journalist asked for his view of Today's prospects.

"It can't work" was the instant reply. As soon as he put the phone down Mr Whittam Smith thought "perhaps it can—if Shah can do it why not me?"

Since Today's disastrous launch in March control has passed to Lonrho. Mr Shah has returned to his newspaper roots in the north of England and circulation is still only marginally above 300,000.

Mr Shah recently called Mr Whittam Smith with heart-felt advice for those trying to follow along the trail he blazed. Above all else do not launch before the product is ready, he emphasised.

All the signs are that when The Independent launches with a print run of 670,000 and an initial £2.5m burst of advertising and promotion it will at least be ready in the way that Eddie Shah never was.

But after the initial publicity and curiosity have begun to fade The Independent faces one intractable number—375,000—the stable circulation it needs to reach by sometime next year to meet its financial projections. And there is not much leeway. "If we bottom out at much less than 300,000 then we are in trouble," concedes Mr Douglas Long, The Independent's managing director and former chief executive of Mirror Group Newspapers.

Official circulation figures for The Independent's main rivals show little growth in the six months ended June 1986:

● The Daily Telegraph sold an average 1,156,204 copies, a drop of 5.3 per cent over the same period last year;

● The Guardian was at 524,264, a rise of 7.7 per cent;

● The Times sold 471,483, a decline of 1.7 per cent.

● The Financial Times sold 231,554, a rise of 9.6 per cent.

Predictions of how The Independent will cope in such a tough market vary greatly.

"Rupert Murdoch will strangle it in its cot before it gets a chance to wave its rattle," says one world-weary citizen of Fleet Street who does not want to attach his name to the prophecy.

"I think it has a better than even chance of success, but there is also a better than even chance of its investors being asked for more money," said Mr Eric de Bellaigue, publishing analyst of stockbrokers Grenfell and Colegrave.

"There is no market. They've got to make one," warned Mr Mike Constable, media director of Brunnings, the advertising agency. As the pundits circle round The Independent's unshowy premises in London's City Road everything seems on schedule for the launch and perfectly respectable 32-page dummy newspapers are being printed virtually every day.

The news coverage already looks sound, there are five strong pages of City and business news, an interesting arts page and a comprehensive two-page section of listings.

Journalists who have seen the dummies have at least been sufficiently impressed to joke: "Maybe we should have applied for a job after all." Yet Mr Whittam Smith, who until nine months ago was City editor of the Daily Telegraph, still ends almost every conversation with a note of caution.

"In terms of quality I'm driving a Rolls-Royce, but it's only just going down the drive at the moment and its possible to put a Rolls-Royce into the ditch. There is no guarantee," he emphasises.

He worries in an almost superstitious way about "the X factor" the problem that has not yet revealed its presence. Mr Whittam Smith takes comfort from a detailed study of the birth pangs of six recent British media launches, both print and broadcasting—London Broadcasting Company (LBC), Channel 4, TV-am, Now magazine, Mail on Sunday and Mr Eddie Shah's Today.

All ran into early difficulties or criticism yet all but Now survived, although Today is still in intensive care.

It is unlikely at least that The Independent will be ill-prepared.

But what is its market and how well does The Independent understand it?

Neither the basic hypothesis nor the strategy has changed much since the first back-of-the-envelope days.

Andreas Whittam Smith believes in The Gap — one big enough to squeeze a new quality newspaper through. It is a gap formed by the up-market ABC1 social groups aged between 20 and 45.

In the US they have become famous as the Yuppies — the young upwardly mobile.

"There is a market there which is obviously at the younger end — the Yuppie business market. But it's only when The Independent hits the street that the truth will out," says Mr Nigel Sharrock, media director of J. Walter Thompson.

All The Independent's market research has consistently shown the ABC 1 "gap" in the market. The first week's research with 320 readers of the dummy editions came out with a surprisingly high degree of support, with 7 per cent saying they were certain to buy the paper and a further 22 per cent saying they were very likely to buy it.

The Independent's executives believe the research at least suggests that their basic strategy is not hopelessly wrong. The main alarm bell that rang was the criticism of the lack of humour in the paper, so the humour is rapidly being turned up.

The advertising target for the first year is between £14m and £15m.

The rapid changes in Fleet Street that have allowed The Independent to happen have also helped to improve the competitive position of its established rivals. The more than £50m a year Mr Murdoch is saving because of the move to Wapping would enable him to cut the cover price or the advertising rates of The Times and heavily promote the paper, or a combination of all three.

Recently, Mr Murdoch said of The Independent: "We are taking it very seriously but it is going to be very, very hard for them and they are going to need much deeper pockets than they have."

The Independent is also going to walk straight into the start of the Daily Telegraph's long march back to prosperity.

The Monday, one week before The Independent launch, the Telegraph begins printing its southern editions on its new presses, starts its new prize game Passport and embarks on an £8m promotional campaign to win back its lost younger readers. Mr Andrew Knight, chief executive of the Telegraph, says he is more concerned about the effect of Guardian and Times counter-attacks against The Independent and the noise they will produce in the marketplace than any direct threat from the Independent itself.

Even Mr Robert Maxwell, publisher of Mirror Group Newspapers, has entered the scene at the last minute by announcing last week that his planned new paper, the London Daily News, would be launched in February as a 24-hour-a-day newspaper.

In the end, The Independent is an act of faith — that the right words aimed at the right people can overcome harsh numbers. To Mr Douglas Long, who had planned to retire instead of run another newspaper, and who at 61 is certainly no Yuppie, it is a very simple matter. As a newspaper reader, be has made do with The Guardian because he likes neither The Times nor the Telegraph. "Like British Caledonian, I've never had a choice," he says.

## Lombard

# Why the EMS is not enough

By Jonathan Carr in Frankfurt

WAS IT mere coincidence? As the US tried to cajole the Bundesbank into cutting its discount rate, the West Germans let slip they were nearly ready to drop their remaining restrictions on the private use of the European Currency Unit (Ecu). Optimists might conclude that American pressure was having the useful side effect of forcing progress towards European monetary integration.

Alas, the truth is less encouraging. The West Germans look set to move on the Ecu at last, not because they think it has a glowing future as "Europe's currency," but because they feel that on the whole it can cause little damage. Certainly, it is said, it will offer no serious challenge to the buoyant Deutsche Mark, now re-emerging in its familiar role as uncomfortable champion within the European Monetary System.

The Bundesbank has also chosen this moment to stress publicly that it is independent not just of the Bonn Government (a fact of which few observers can be unaware) but also of the Americans. The latter point is suspect, to say the least. True, the central bank can refuse to cut its discount rate on grounds the economy is bouyant (although perhaps the Bundesbank is a little too positive here) and that the money supply target is being exceeded (although maybe the wrong indicator is being used to measure). But it only needs a few well chosen public words from the US Treasury Secretary (who can claim afterwards he was misquoted) and the dollar plunges below DM 2.

What the Americans cannot get through an interest rate cut and more economic growth from their partners, they will try to haul in (despite the dangers) from a lower exchange rate. For the West Germans that means another blow to their exports which are already stagnating in real terms. That will probably not become widely evident in West Germany for a few months yet — but then the groans will begin.

It is easy to see why the Bundesbank is aggravated. Some of the pressure from the US Government and its representatives abroad has been pretty crude. But even the most "independent" central bank of the strongest economy in Europe cannot win a row with the US. The lesson of the last month (with a discount cut on and off again as the dollar moved like a yo-yo) is that, if European countries are to defend their interests adequately vis-à-vis the US, they have to provide a counterweight through greater monetary integration and development of the Ecu as a reserve asset.

That is far from a new lesson —but regrettably it needs restating. A key reason for the birth of the EMS in 1979 was the belief of French and West German leaders that the dollar was going down the drain and that Europeans had to "hang together or be hung separately."

The creation of the EMS came against the background of US current account deficits in 1977 and 1978 of about $15bn and $16bn respectively. For 1984 and 1985 the figures were $107bn and $118bn respectively (along with a federal budget deficit whose financing may force high interest rates although low ones would be needed to stave off economic recession). In principle the Europeans face a greater external threat of monetary and economic upheaval than they did before, despite their relative success in the meantime in creating a zone of currency stability among themselves.

No doubt a package will be cobbled together in Washington shortly between Europeans and the US, to get both sides over the present "hump." But Europe urgently needs progress on all that unfinished business of the EMS, including development of the Ecu, establishment of a European Monetary Fund worthy of the name and so on. As long as this is not done, even the "strongest" Europeans must not be surprised if, from time to time, they are clobbered from across the Atlantic.

# Letters to the Editor

## Calculations on bonds

*From Mr C. de Lisle*

Sir,—Now that the London Stock Exchange and Isro have joined forces under the banner of ISE, would not it be nice if this new organisation could now follow the lead of the Association of International Bond Dealers and lay down some rules as how yields to maturity and prices of bonds should be calculated?

The prices and yields of any Eurobond are calculated the same way the world over; comparisons, therefore, of like with like present no difficulties. Not so with other bonds. Apart from the fact that the US and Japan, to take just two markets, have their own ways of determining such values, different again from Eurobonds, in London, as most statisticians know, there is a variety of ways of calculating our own parochial bonds.

Whereas the basic discounting formula is universally employed, the peripheral calculations can sometimes affect yields and prices substantially. Is the accrued interest rounded to two, three or more places of decimals—or left unrounded? Is the interest determined by the number of "actual days" between settlement day and the immediate prior payment date, or by the 1-k method? Or is the quasi-coupon period method of calculation to be employed? Are "five years and under" shorts to be calculated or, as one elegant jobber does, scheduled—and, if calculated, is the discounting at simple or compound interest? And if compounding, will stock with less than six months to run be discounted at simple interest?

One could continue outlining differences of approach, also in the field of net calculations, but perhaps there is sufficient to suggest that "rules," comparable but not necessarily the same as those of the AIBD, would have considerable advantages.

Perhaps when making comparisons and contemplating switches between different classes of stock investment managers are able to negotiate their way through the minefield now they have a variety of computer programs at their disposal. But before such tools were available I often wondered how managers decided between the host of jobbers' and brokers' daily price literature, and whether they realised that all were calculated differently—as indeed they still are. Surely now is the time to get some conformity?

Christian de Lisle.
*Rabley Park Ridge,*
*Potters Bar, Herts.*

## In-house business training

*From Mr E. Verbeek*

Sir,—David Thomas in his article on "Where a DIY-MBA would fit the bill" (September 12) reinforces the following misconceptions regarding Masters of Business Administration and management development.

1—Only an MBA programme offers proper formal business training. If Shell UK's Mr Bowden thinks so, then he implicitly recognises that his own company's in-house training and development efforts have failed to identify and produce the next generation of senior managers. Moreover, various training institutes and business schools already offer short courses aimed at junior, middle and senior managers covering both specialised and general management disciplines. This type of out-house module offers continual development without long-term absence from the job.

2—If Mr Bowden succeeds with his CNAA recognised inhouse/out-house MBA plans, then Shell UK will become a victim of his success. The training programme will be so high-profile that it becomes an end in itself for people who apply to work for Shell UK. Their only objective will be to join Shell UK, complete the Shell MBA programme and, armed with this outstanding visiting card, desert the Shell Centre for financially more attractive pastures.

3—Many 28 to 33 year olds want the MBA qualification but also feel committed to their company; i.e. they want to have their cake and eat it. They want to be on equal par with those who have decided to forgo around $30,000 in earnings and invest another $30,000 in fees and living expenses while pursuing an MBA. But they also want the security of their existing job as well as a high-speed ticket to the upper echelons of the corporate stratosphere. Mr Bowden and his fellow experts in human resources are simply giving in to the aspirations of those who are drowning in self-pity and should therefore represent the last category to be considered as future senior management potential.

4—Business schools would hardly relish the prospect of a totally in-house MBA. On the contrary, most advanced business schools already expect their teaching staff to move in this direction by allowing them to spend around 25 per cent of their time in a consulting capacity to corporate clients. In nine out of 10 cases, this translates into the setting up and execution of in-house training courses aimed at offering formal business training.

Ernst Verbeek,
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*Brighton, Sussex.*

## Risks, benefits and trade-offs

*From Dr S. Blow*

Sir,—Mr David Lowry of the *Open University points out* (September 16) various errors of fact in letters you have recently received from Prof Cassels, Mr Taylor and others. These concern the precise date of the Three Mile Island accident, the location of that nuclear power station, whether Lord Marshall did or did not admit that a Chernobyl accident could occur in the UK, and so on.

However, people can make errors of omission as well as commission, and Mr Lowry is guilty of the former. When he points out that the "safety conscious" Danes are currently urging Sweden to close its Barseback PWRs which are only 25 km across the water from Copenhagen, he omits to quote the reply of their fellow Scandinavians. "Certainly," said the Swedes, "if you will shut down your coal-fired stations which are polluting our rivers and lakes with acid deposits and killing our fish." The reply demonstrates that there are no absolutes in the benefits/risks scene—only trade-offs.

Actually the Danes were being very hypocritical in making this request since they import substantial amounts of *electricity from Sweden, 40 per* cent of which is of course generated from nuclear capacity.

(I am allowed to be rude about the Danes since I have a Danish wife and an extended Danish family in-law of which I am very fond.)

There could be no more exquisite irony than if the Chernobyl disaster resulted in the curtailment of the nuclear programme in the Western industrialised nations, while the Russians continue to expand their civil nuclear capability as they have stoutly declared they intend. Prince Machiavelli could hardly have conceived of a plot so thoroughly "Machiavellian." However it was all unplanned, thus confirming my long cherished belief, which no evidence to the contrary will ever shake, that history occurs by mis-managemnet (there is a vulgar term for it) and not by conspiracy.

Stephen Blow.
*2, Woodlands,*
*Mill End,*
*Kidlington, Oxford*

## Case for mortgage tax relief

*From Mr R. B. Aisher.*

Sir,—There currently seems to be a great deal of criticism of the *principle of giving* tax relief on mortgage interest payments for house purchase. It seems to be forgotten thet expenditure on a house has considerable benefits for the community, particularly in the long term, unlike expenditure on other forms of consumption. If I spend money on most forms of consumption then, except for providing employment for others and paying some tax, to the state, there is no benefit to anyone other than myself. However, if I spend the same money on a house, that is an asset which will outlast me and remain as part of the general wealth of the community. To some extent its value may pass to my heirs but the operation of inheritance tax will provide a more than adequate return to the Exchequer.

I thus consider that there are very good reasons why the state should encourage expenditure on housing relative to other forms of consumption. While new construction is exempt from VAT, most of the value does come from British labour and materials and is therefore of more benefit to the economy than, say, expenditure on imported consumer goods.

Two points need to be closely watched. First, the quality of construction should be of a standard thet will endure. Second, the monopoly site value created by planning controls should not represent too large a proportion of the selling price of the house. From my experience in the Home Counties, the cost of construction sometimes amounts to no more than 40 per cent of the selling price and this cannot be healthy.

I accept there is no easy answer to the latter problem. which is certainly not helped by the negative attitude of so many local councillors in refusing to recognise existing zoning and other planning requirements until forced to do so by the planning appeals procedure.

Because planning permission is so difficult to obtain, the rewards of success are high. Some people consider that mortgage tax relief contributes to these rewards and is therefore a bad thing. I do not agree. Mortgage tax relief should continue or be extended and the planning system should be reformed.

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FINANCIAL TIMES
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CONTINUED GROWTH NEEDED TO COMBAT UNEMPLOYMENT

# OECD demands 'work for all'

BY GEORGE GRAHAM IN PARIS

A STRONG CALL for economic policies to maintain growth and combat the "scandal" of unemployment has been made by the Organisation for Economic Co-operation and Development.

The Paris-based group sees little prospect of a fall in unemployment over the next year and a half. If any progress is to be made it is essential for the economic recovery to continue, it says in its latest annual Employment Outlook, published yesterday.

OECD officials yesterday called for a clear policy objective of "work for all" in a bid to tackle the problem of unemployment, with its "corrosive impact" on families and communities.

The problem cannot be dismissed by the argument that unemployment benefits are generous by the standards of previous generations or that many of the unemployed are engaged in the black economy or in concealed employment, it says.

In fact, the OECD says, people receive only a low proportion of their previous incomes in the form of unemployment benefits, while the black economy probably accounts for only 2 to 4 per cent of gross domestic product – and most of that is carried out by people with jobs, not the unemployed.

Unemployment has now reached 31m in the 24 mainly industrialised member-countries of the OECD, three times as many as in 1973. Although the number of jobs is expected to grow in almost all these countries next year, so is the size of the workforce. The unemployment rate is, therefore, likely to remain at around 8¼ per cent, the organisation says.

Faster growth will be needed to make a dent in this, the OECD says, and it is important that nominal wage growth remains moderate if the recovery is not to be stifled. With low inflation, this need not mean that real wages have to be kept down.

Growth is not enough, however. There must also be a shift to the kind of growth that promotes employment, the organisation says.

Over the decade from 1973, gross national product grew by 18 per cent in Europe and by 22 per cent in the US. The US, however, created nearly 18m new jobs in the process, while employment stagnated in Europe.

The OECD calls for policies that would help to spread capital more widely both to the employed and to those who would otherwise have remained unemployed. In Europe, it says, capital has overwhelmingly been used to increase the capital intensity of production, not the labour intensity.

The report also suggests measures have to be taken to help the problem of youth unemployment – still running at a rate of 16 per cent, despite some recent improvement – and of the long-term unemployed.

Details, Page 2

# France postpones decision on CGCT

BY PAUL BETTS AND DAVID MARSH IN PARIS

FRANCE has postponed a decision on the future of Compagnie Générale de Constructions Telephoniques (CGCT), the troubled state-owned telecommunications manufacturer which is at the heart of a major reorganisation of the country's public telephone switching market.

Government officials said yesterday that the decision was being delayed because of the need to prepare the privatisation of ITT's former French subsidiary which was nationalised by the previous Socialist Government.

They said that the delay would give the current foreign bidders seeking to take over CGCT's public switching business, in order to gain a 16 per cent share of the French market, an opportunity to improve their offers to the Government and DGT, the state telecommunications authority. The delay is likely to take several more weeks.

In spite of persistent reports that DGT favours AT&T on technical grounds, officials say no clear preference has emerged. "It's an open game," according to one official. France is seeking price concessions from AT&T on the supply of switching equipment.

Other bidders include Siemens of West Germany and Ericsson of Sweden as well as two more recent entrants – Italy's Italtel and Britain's Plessey.

French officials said that the Government's new privatisation commission would have to analyse the means of selling CGCT. This would be in extricably linked with the choice of the foreign group selected to tie up with France's second-largest maker of public telephone switching equipment after Alcatel, subsidiary of the state-owned Compagnie Générale de Electricité (CGE).

The West German Government faces growing hostility in Paris because of its increased pressure behind Siemens' bid to take over CGCT. The Bonn Government has clearly irritated Paris by trying to link Siemens' entry into France with the telecommunications merger between CGE and ITT.

The deal will give the CGE group a significant presence in the West German public switching sector through the Stuttgart-based Standard Elektrik Lorenz (SEL), the present ITT subsidiary which is the second supplier of digital telephone exchanges to the West German Bundespost.

Mr Christian Schwarz-Schilling, West German Posts and Telecommunications Minister, met Mr Alain Madelin, the French Industry Minister, in Paris on September 11, and argued that the CGCT and CGE/ITT issues should be linked to allow a "European solution" to the present round of French restructuring.

Officials deny that the Germans have threatened to stop passing Bundespost contracts to SEL if the French Government fails to allow Siemens to take over CGCT. "There has been a lot of effort to force the pace, but no blackmail," said one official.

But the high-profile manner in which the Bonn Government has been advocating the Siemens candidature has raised hackles in France.

# UK minister invited to visit Chernobyl

BY DAVID FISHLOCK, SCIENCE EDITOR, IN VIENNA

BRITAIN'S Energy Secretary yesterday called on the International Atomic Energy Authority to produce agreements, understandings, practices and collaboration to guarantee that the world could reap nuclear benefits safely.

Mr Peter Walker, who later revealed that he hoped to accept a private invitation from Moscow to visit Chernobyl, said that the nuclear accident there in April had frightened the world. But, he said, the Soviet Union's ruthless analysis of what went wrong at Chernobyl had enhanced the prospects for safer nuclear energy.

Mr Walker was addressing a special session of the IAEA's general conference devoted to nuclear safety, which formally accepted the expert analysis it organised of the Soviet report on Chernobyl. The experts summarised the report as being "thorough and professional."

He told ministers from more than 60 countries that Britain offered fullest support to the agency in devising a regime for broad international collaboration on nuclear safety, an aim supported by the Soviet and US delegations. Any serious accident involving military or civil use of nuclear energy would be reported to the IAEA. Britain would also support a binding international regime to provide compensation for nuclear accidents.

Mr Walker made five "essential" proposals which Britain hoped could be implemented in the months ahead:

- Agree and perfect an international warning system of any nuclear accident, based on Chernobyl's lessons;
- Organise the widest exchange of nuclear operating experience, based on the experience of the Chernobyl post-mortem and analysis;
- Work towards a review of all national nuclear regulatory regimes by the IAEA's safety experts;
- Agree international accreditation of national nuclear inspectorates;
- Agree a convention on mutual assistance in the event of a nuclear accident.

The minister dismissed any idea that the world could manage without nuclear power. "Cast aside this option and the pressures upon other energy sources would be such as to cause considerable economic upheaval," he said.

Interviewed later, Mr Walker said he had received a private invitation from Mr Boris Shcherbina, Soviet Deputy Prime Minister responsible for nuclear energy, to visit Chernobyl, where three undamaged reactors would be operational again within a few weeks. He hoped to take up the invitation soon.

Mr Shcherbina had blamed the "complacency of engineers" who, having become accustomed to things never going wrong, began to believe that they never could go wrong, Mr Walker said.

Mr Walker would be happy to have International safety experts examine Britain's reactors, but less happy to have inspection by the four non-nuclear countries of the EEC, which between them accounted for only 5 per cent of the EEC's energy consumption.

# At least £5bn chases a quick quid on TSB

By Richard Tomkins in London

"GOD'S OFFER to the public never closes," read a hastily scrawled poster outside the Church of St Edmund the King in London yesterday morning.

Mammon's, however, closed at 10 am, and investors who poured through the doors of the Trustee Savings Bank next door with last-minute applications for shares in its £1.5bn ($2.17bn) flotation were not in the mood for preaching.

"I'm in it for the money, like everyone else," said a young computer programmer applying for £3,000 worth. "I've never bought any shares before and I don't expect to keep them. I think most people are just out for a quick profit."

This was certainly true of the delivery man applying for shares worth £2,500. "I'll sell them as soon as I get them," be said. "I'm only doing it to raise the money to buy a car."

An advertising manager said she was applying for £1,000 worth in the hope of making a quick killing, though she was not optimistic about receiving many, and a man in the property market said he was out to make a quick turn: "I don't plan to hold the shares for more than a day."

After all the hullabaloo leading up to the deadline, the atmosphere in the City, London's financial district, seemed strangely calm, yesterday morning. Television crews roamed the streets in vain looking for hysterical mobs being herded into line by armies of mounted policemen.

The seven London banks receiving applications opened their doors soon after investors began to arrive at about 7.30 am, and dealt with applicants so swiftly that the fast-moving queues rarely stretched for more than a few yards.

However, the issue has certainly been heavily oversubscribed. The number of applications received is probably twice British Telecom's 2.3m and guesses at the weight of money chasing the issue begin at £5bn.

Sir John Read, TSB's chairman, said be was delighted by the response and was not particularly worried about the number of sellers who might emerge when dealings began.

"The investors who join the queues in the City are not typical of the rest of the applicants," be said. "The desire to make a fast buck is not nearly as strong in our traditional heartlands in the north of the country."

Sir John suggested that the maximum number of shareholders it would be practical to have on the register might be around 3m, so if more than 4m applications have been received, some form of across-the-board balloting now seems inevitable.

The disappointment of unsuccessful investors might, however, be mitigated by yesterday's news that TSB's share price was falling in the grey (unofficial) market being made ahead of dealings. It shed about 11p on the day to close at around 81p, largely because of press comment suggesting that buyers would be few at higher levels.

Editorial comment, Page 16

# French state postings

Continued from Page 1

nant French businessmen and industrialists.

The main new appointments include:

**Paribas:** Mr Jean Gandois, chairman of the Pechiney aluminium group, Mr Ambroise Roux, former chairman of CGE, and Mr Michael Pecqueur, chairman of Elf-Aquitaine;

**Suez financial group:** Mr Pierre Suard, new chairman of CGE, and Mr Pierre Bellon, vice president of the French employers' confederation;

**Thomson:** Mr Serge Kampf, chairman of the Cap Gemini Sogeti data software group, and Mr Jacques Fayard, head of Thomson's consumer electronic business;

**Saint-Gobain:** Mr Jean-Martin Floz, chairman of the Jeumont-Schneider telecommunications and engineering company, and Mr Jean-Jacques Delort, chairman of Printemps department stores.

**Pechiney:** Mr Bruno Roger, of Lazard Freres, Mr Antoine Riboud, of the BSN food group, and Mr Didier Pineau-Valencienne, chairman of the Schneider Group;

**Rhone Poulenc:** Mr Alan Merieux, of the Merieux health institute, and Mr Jean-Marc Vernes, chairman of the Beghin-Say sugar group;

**Bull:** Mr Gerard Worms, of Suez, and Mr Vincenz Bollore, chairman of his own Bollore group.

THE LEX COLUMN

# Viyella lining for Coats

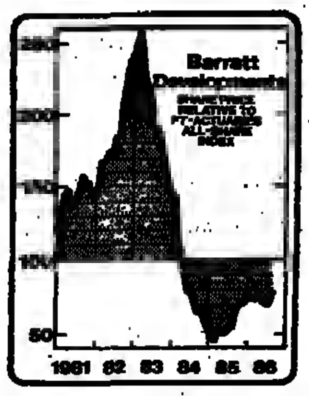
Whatever foreign exchange traders may claim, it is hard to believe that sterling weakness was caused by any kind of guess at yesterday's dreadful trade figures. After the fact, if the authorities are still hoping to avoid jacking up base rates, the gilt-edged market no longer seems prepared to bet on it.

## Coats Viyella

The merger of Coats Patons with Vantona was a match that the market found warming when it occurred in the depths of last February; the shares shot to 580p within weeks, but have rather lost their way since that early flush of enthusiasm. At 490p the price is balanced somewhere between full belief in the merger strategy and doubts whether a company that is so largely composed of Coats Patons deserves quite such a premium rating.

This balance in the market was probably not greatly changed by the contents of yesterday's half-year announcement. On the positive side, the Vantona management is getting to grips with the enlarged and much more complex company, removing layers of Scottish bureaucracy from the Coats operating companies and introducing the diverse parts of the business to working with each other. If it all goes according to plan, Coats Viyella will emerge over the next few years as a group with a core of UK earnings and technology which is substantially insulated from currency swings by the ability to link markets with low cost production – of intermediate and finished goods – from China to Brazil.

Less enticing than this vision of Coats Viyella, is the relatively prosaic start to its trading as a merged company. Currency is still a potent and so far unhelpful factor, though the translation penalties should unwind in the second half. But even the merger accounting basis, depressing the 1985 comparative figures by charging interest on the cash element in the acquisition, does not present a picture of bursting growth; after currency, earnings per share have risen by less than 13 per cent. Moreover, it was not entirely expected – given merger accounting – that £14.8m would be provided below the line to give the group a kick-start into next year. With that benefit, however, 1987




profits should be close to £200m before tax; and that should just about keep the shares on track.

## Barratt

Barratt's has worked wonders in the past 18 months to adjust to the collapse in its sales of starter houses. A cost structure gearing up for 20,000 completions has been completely overhauled to support 8,000, net debt has been reduced by a factor of 20 and the product repackaged for richer people in richer parts of the country.

Barratt's share price has been refurbished, but remains a dwelling marketed to the income stocks lured in by an uncovered dividend in 1985. Yesterday's 12p rise, to 158p, lagged a 9 per cent increase in the final dividend for the year to June and leaves Barratt yielding a couple of points more than the industrial average on this payout alone.

Second-time buyers of Barratt were yesterday offered a sixfold rise in pre-tax profits, to £25.4m. Volumes are pretty slow in UK householding, but margins may have almost doubled half on half as much from the attention to overheads as the greater concentration on more expensive houses in the south of England. In the US, the run-off of Californian development properties has converted a huge dollar debt burden into a small post-interest profit in the house-building that Barratt understands.

But Barratt will no longer be pulling down its working capital as a proportion of sales: as each extra point in housebuilding margin becomes more difficult to achieve, Barratt is being driven back out into the market for high-price land with planning permission. While Barratt has clearly learned its lesson about volume housing, a target of 10,000 completions is quite a burden for a capital base that is smaller than in 1983. For the next couple of years, Barratt will probably be offering an inflation-proof dividend: on forecast profits before tax of £40m, Barrett probably yields more than 8 per cent a year out.

## Logica

Logica's return from near insolvency to prosperity has been too rapid for the market to absorb. Apart from lingering suspicion, it is hard to explain why the share price remained immobile at 218p in the wake of a 36 per cent rise in profits that was well ahead of market predictions. In what is not a seasonal business, three-quarters of the profits were earned in the second half, which gives a good idea of the growth rate. Better still, the tax charge has come down from 54 per cent to 38 per cent, reflecting the elimination of US losses which Logica had not been able to offset against UK profits.

The company must have more depth in management than its detractors imagined, to have brought round the US business, closed down the office equipment operations, boosted staff in continuing businesses by 30 per cent, and generated positive cash flow of over £5m. Stripping out the discontinued hardware operations from the figures, the damage is nevertheless visible below the water-line. Because of the emergency injection of new equity last December, an increase in post tax profits of 84 per cent fed through to only a 45 per cent rise in earnings per share.

Though the dilution is permanent, it is of no relevance to any prospective purchaser of the shares. Indeed, even those who have stock with the stock through thick and thin have seen Logica's share recover to the position relative to the All Share which it held before its balance sheet was buried under a heap of unwanted word processors. It does not need any artificial intelligence to work out that Logica could make £10.5m pre-tax this year, bringing the multiple just below 16. Hardly demanding, either on the prospects, or compared with the competition.

# $ close to competitive level, Volcker says

Continued from Page 1

that it would do enough to boost the Japanese economy.

He praised the Japanese Government for responding to US concern. "They have appreciated there is a problem."

"The Germans," be added, "appear to regard every suggestion as an invitation to future inflation." The US was also anxious not to take this sort of risk. "Our concern is whether or not German growth is sustainable" in 1987, he remarked, adding that both the IMF and the Organisation for Economic Co-operation and Development (OECD) shared fears on this score.

The official was also sharply critical of the failure of Western European governments, including Britain, to pay sufficient attention to their unemployment problems. "I think the UK would do extremely well to have a major tax reform and to attack in a more comprehensive way its unemployment problem," the US official said.

In his comments on Capitol Hill Mr Volcker left no doubt that like Mr James Baker, the US Treasury Secretary, he is worried that the US's industrial country trading partners may not be responding forcefully enough to the need he sees for them to generate more domestic demand. He was "more concerned about whether (US trading partners) do their part on economic growth" than about exchange rates.

It "remains to be seen" whether West Germany was doing enough to stimulate demand. As for Japan, "looking back" it was clear that it had not done enough.

But Mr Volcker also stressed that despite the progress he acknowledged Congress had made in beginning to tackle the US budget deficit more needed to be done.

Asked about the problems the IMF's economic austerity policies create for developing countries, he said: "I'd like to see a little austerity in our budget too."

He sharply rejected suggestions thet the US could carry on living on foreign capital,

# Deutsche Bank sets pace with Fiat deal

Continued from Page 1

kets. Earlier this month, for example, the UK's $4bn floating-rate note issue was snapped up without difficulty. Yet different factors come into play when syndicate managers turn to equities. The syndicators need to be sure that end-investors will hold on to the shares, at least for a time, and will not sell them back for a quick profit into the domestic market with destabilising effects on the company's share price.

Mr Michael Altenburg, a managing director of Deutsche Bank Capital Markets in London, says that in the bond market – despite the heightened volatility seen this year – traders usually have a fair idea of where an issue should trade.

In the share market, there are greater uncertainties. On the positive side – and among the selling points used by Deutsche Bank – were: the withdrawal of the Libyans as shareholders could boost the potential for Fiat to win US defence contracts; half-year earnings published on Tuesday were better than expected; and the Agnelli group was increasing its commitment to Fiat by taking up the remainder of the 15.2 per cent Libyan stake.

Global distribution of shares is reckoned to be beneficial to issuers because it broadens the shareholder base and thereby, at least in theory, aids the share price. It also avoids the indigestion which could occur for such a large issue in a relatively small and illiquid market such as Italy's.

The Fiat deal is novel for the international equity market in one important respect: the shares are being offered in dollars rather than in the home currency of the company concerned.

This was done for several reasons. The Libyans appear to have wanted dollars, and the lead managers had some concern about whether such a large deal could have been done in lire. Investors are thus being invited to take a view not only on Fiat's share price but also on exchange rates.

Deutsche Bank is not discussing the method at which the offering price was arrived at. However, the price of the ordinary shares, at $11.28, represents nearly a 4 per cent discount to the closing share price in Milan on Tuesday at L16,800, based on an exchange rate of L1,414 to the dollar.

Deutsche Bank is also reticent about how it won the deal. Rumours of the Libyan sale had circulated for several months. Deutsche may have had the edge not only because it was alert to them, but because it handled the $1.5bn placing of 10 per cent of Daimler-Benz which it purchased from the Flick group in December last year. As the Euro-equity market develops, Deutsche appears to have won another large feather in its cap.

# Honeywell in venture bid

Continued from Page 1

while it intended "to continue involvement in the computer business as a partner of Bull and NEC, it would also "continue to focus on its core businesses of automation and control and aerospace and defence, where it is a market leader."

Bull officials said last night that the French Government would have to fund any operation to take a stake in Honeywell's information systems business because of the fragile state of the French group's finances.

Bull pointed out that no negotiations had yet taken place with Honeywell on the affair.

A full financial link between Bull, Honeywell and NEC would be logical in view of the group's existing technical marketing ties.

# World Weather

| | | °C | °F |
|---|---|---|---|
| Ajaccio | S | 27 | 81 |
| Algiers | S | 30 | 86 |
| Amsterdam | S | 15 | 59 |
| Athens | R | 29 | 84 |
| Bahrain | S | 35 | 95 |
| Bangkok | S | 30 | 86 |
| Barcelona | S | 27 | 81 |
| Beirut | — | — | — |
| Belfast | C | 13 | 55 |
| Belgrade | S | 26 | 79 |
| Berlin | S | 15 | 59 |
| Biarritz | R | 15 | 59 |
| Bombay | F | 29 | 84 |
| Bordeaux | C | 17 | 63 |
| Brussels | F | 15 | 59 |
| Budapest | S | 23 | 73 |
| B Aires | F | 18 | 64 |
| Cairo | S | 34 | 93 |
| Cape Town | S | 18 | 61 |
| Caracas | — | — | — |
| Casablanca | F | 24 | 75 |
| Chicago | C | 23 | 73 |
| Cologne | F | 18 | 64 |
| Copenhagen | F | 14 | 57 |
| Corfu | S | 30 | 86 |
| Dallas | F | 24 | 75 |
| Dublin | C | 14 | 57 |
| Dubrovnik | S | 26 | 79 |
| Edinburgh | F | 13 | 55 |
| Faro | F | 25 | 77 |
| Florence | F | 24 | 75 |
| Frankfurt | F | 18 | 66 |
| Funchal | S | 23 | 73 |
| Geneva | C | 15 | 58 |
| Gibraltar | S | 27 | 81 |
| Glasgow | S | 15 | 58 |
| Guernsey | C | 14 | 57 |
| Helsinki | F | 8 | 46 |
| H Kong | S | 30 | 86 |
| Innsbruck | — | — | — |
| Inverness | F | 12 | 54 |
| Islamabad | C | 28 | 82 |
| Istanbul | S | 26 | 79 |
| Jakarta | C | 31 | 88 |
| Jersey | C | 16 | 61 |
| Jo'burg | S | 24 | 75 |
| Lille | C | 17 | 63 |
| Lisbon | F | 23 | 73 |
| London | C | 14 | 57 |
| Los Angeles | C | 21 | 70 |
| Luxembourg | S | 17 | 63 |
| Madrid | F | 28 | 88 |
| Majorca | F | 30 | 86 |
| Malaga | S | 30 | 86 |
| Malta | S | 27 | 81 |
| Manchester | C | 14 | 57 |
| Manila | S | 31 | 88 |
| Melbourne | S | 18 | 66 |
| Mexico City | C | 25 | 77 |
| Miami | C | 30 | 86 |
| Milan | C | 21 | 70 |
| Montreal | S | 14 | 57 |
| Moscow | C | 6 | 43 |
| Munich | S | 18 | 64 |
| Nairobi | — | — | — |
| Naples | S | 26 | 75 |
| Nassau | C | 33 | 61 |
| New Delhi | S | 34 | 93 |
| New York | S | 28 | 82 |
| Nice | C | 21 | 70 |
| Nicosia | S | 33 | 91 |
| Oporto | C | 19 | 66 |
| Oslo | F | 13 | 55 |
| Paris | C | 17 | 63 |
| Peking | S | 24 | 75 |
| Prague | S | 16 | 61 |
| Reykjavik | S | 6 | 43 |
| Rhodes | F | 26 | 79 |
| Rio de J'o | S | 30 | 86 |
| Rome | S | 29 | 79 |
| Salzburg | — | — | — |
| San Francisco | R | 18 | 64 |
| Seoul | S | 23 | 73 |
| Singapore | S | 31 | 88 |
| Stockholm | F | 10 | 50 |
| Strasbourg | C | 16 | 61 |
| Sydney | S | 21 | 70 |
| Taipei | R | 27 | 81 |
| Tangier | F | 24 | 76 |
| Tel Aviv | S | 24 | 93 |
| Tenerife | S | 38 | 82 |
| Tokyo | S | 27 | 81 |
| Toronto | S | 23 | 73 |
| Tunis | S | 30 | 86 |
| Valencia | S | 29 | 64 |
| Venice | S | 23 | 73 |
| Vienna | S | 20 | 68 |
| Warsaw | C | 12 | 54 |
| Washington | C | 23 | 73 |
| Zurich | S | 17 | 63 |

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T Thunder

# INTERNATIONAL APPOINTMENTS



## New Federal Accounting Standards Board head

BY OUR FINANCIAL STAFF

MR DENNIS R. BERESFORD is to be chairman of the US Federal Standards Accounting Board from January 1. Mr Beresford, who takes on a five-year term a the head of the private sector body which lays down standards of financial reporting for businesses and non-profit organisations, is national director of accounting standards for Ernst & Whinny, the US-based international accountants.

Mr Beresford is to take over from Mr Donald J. Kirk, chairman since 1978, and a member of the Board since it was set up in 1973, who has had to retire from the post under the background constitution of FASB.

The appointment of Mr Beresford is made by the Financial Accounting Foundation, the board of which is responsible for the appointment of members of FASB and of the Government Accounting Standards Board, which puts forward reporting standards for state and local government bodies.

Members of FASB serve on a full-time basis, and must cut their earlier connections while on the board.

Mr Beresford is a former chairman of the Accounting Standards executive committee of the American Institute of Certified Public Accountants, and a member of the Board's advisory task force on accounting for income taxes and timely financial guidance.

## Restructuring at Credit Suisse

BY JOHN WICKS IN ZURICH

CREDIT SUISSE, of Zurich, one of the Big Three Swiss banks, is to expand its executive board by the appointment of six new general managers as of January 1. After the retirement of Dr Hans R. Frey on March 26 the top management will consist of 13 general managers compared with eight at present.

The appointment of the additional general managers takes place at the same time as the completion of a management restructuring programme launched in 1983. The main changes on January 1 will be the linking of the domestic and foreign credit departments and the formation of a finance/investment banking department.

Mr Rainer Gut, the board chairman, says this will bring the bank's structure in line with current business patterns and improve the bank's effectiveness, at the same time dividing the load of additional management responsibility.

Of the new members, Dr Rudolf W. Hug and Dr Klaus W. Jenny will join the management of the commercial banking division.

Another two of the newly-appointed general managers will go to the finance and investment banking division. These are Dr Hans Geiger and Dr Hans-Joerg Rudloff. Dr Rudloff, who is today deputy chairman of Credit Suisse First Boston, will stay in London and co-ordinate international capital-market activities between this company and the bank.

Elsewhere, Mr Hans Peter Sorg will have managerial responsibilities in the field of investments and deposit acquisition, while Dr Roland Rasi will become a general manager in the logistics division.

## Allstate Insurance elects chief

BY OUR FINANCIAL STAFF

SEARS ROEBUCK and Company, the diversified Chicago-based retailing, insurance and financial services concern, has appointed Mr Richard J. Haayen, 62, chairman and chief executive of its Allstate Insurance Group offshoot, with effect from October 8.

Mr Haayen succeeds Mr Donald F. Craib, Jr, 61, who is to retire. Mr Wayne E. Hedien, 52, is to succeed Mr Haayen as president and share operating duties. Mr Hedien, has been Allstate's vice-chairman, treasurer and chief financial officer.

Mr Haayen joined Allstate in 1951 as an underwriter, becoming a vice president in the home office in 1969, and president and chief operating officer in 1982.

## Air Products chairman

AIR PRODUCTS & Chemicals, the industrial gases, consumer and agricultural chemicals concern based in Pennsylvania, has appointed Mr Dexter F. Baker, 59, chairman and chief executive from December 1, to succeed Mr Edward Donley, 65 in November, who is to retire.

Mr Baker is currently president and chief operating officer. He is to announce who is to succeed him in these posts on taking on his new role.

## Banco Zaragozano recruits former top central banker

BY DAVID WHITE IN MADRID

BANCO ZARAGOZANO, the Aragon-based bank, has elected Mr Jose Ramon Alvarez Rendueles as chairman. Mr Alvarez Rendueles was governor of the Bank of Spain, the country's central bank, during the series of bank collapses of the late seventies and early eighties.

Mr Jose Ramon Alvarez Rendueles, whose appointment ends speculation on the private banking future of the former central bank governor

The appointment ends widespread speculation about the 46-year-old Mr Alvarez Rendueles' future in the private banking sector, which he is joining after the statutory two-year gap following the end of his tenure at the central bank.

The youngest-ever Bank of Spain Governor, he held the post from 1978 to 1984, under both Centrist and Socialist governments. Since leaving, his board appointments have included the chairmanship of Productos Pirelli, the Italian tyre group's Spanish subsidiary, and the vice-chairmanship of Hispano Olivetti, the offshoot of the Italian office equipment concern.

Banco Zaragozano—interests of which include Miami National Bank in the US—is one of the few smaller banks to have survived the banking crisis in Spain, but has been through a period of flat profits. Mr Alvarez Rendueles succeeds Mr Moises Calvo Pardo, who held the job for 21 years, and is retiring at the age of 86. Last year the bank took on Mr Sergio Garcia-Orcoyen from Algemene Bank Nederland as managing director.

# *Accountancy Appointments*

# Accountancy Appointments

BMC SOFTWARE

## EUROPEAN FINANCIAL CONTROLLER

**Surrey** **c.£27,000 + car**

BMC Software Inc. is a young but rapidly expanding company which develops and markets IBM mainframe system software enhancement products. Sales have doubled annually in recent years and this growth is planned to continue. Clients include many multi-national corporations, leading banks and financial institutions.

In recent years, BMC Software has established subsidiaries in Germany, UK and Italy. A qualified accountant, preferably chartered, is now required for the position of European Financial Controller who will assume responsibility for all aspects of the finance and accounting functions of the current European subsidiaries and for future planned locations.

Candidates should have previous exposure in an international headquarters environment and have experience in foreign currency management, budget planning and taxation. Excellent communication skills and energy and enthusiasm are essential in order to adapt successfully to this rapidly expanding, marketing orientated environment.

The remuneration package, which is negotiable, includes particularly attractive benefits.

Please write in confidence enclosing career details and quoting reference B7218/L to Valerie Fairbank, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

## Deputy Chief Internal Auditor

**London** **c. £30,000 + Car + Benefits**

Internal Audit within British Telecom plays a major role in reviewing and reporting on adherence to company policies, plans and procedures.

Reflecting the business environment in which the company operates following liberalisation and privatisation, internal audit is a corporate function responsible to the Deputy Chairman and Chief Finance Officer, with a current staff of nearly 200 people based in London and 6 provincial locations. All business units with the Group are subject to regular internal audit review. Future developments are likely to feature audit reviews of overseas activities, newly created subsidiary companies and joint ventures, a widening of the audit role into operational auditing; and the application of CAATs on a wide scale.

Following a recent promotion, we invite applications for the post of Deputy Chief Internal Auditor, who will be required to help formulate Audit's role, organisation and methodologies to meet the demands of the next decade. He or she will have specific responsibility for the preparation and subsequent monitoring of the Annual Audit Plan and for quality control.

Candidates must have considerable experience at senior level in internal audit. Strengths in organisational and management skills are essential. In depth experience of data processing and/or computer auditing is highly desirable. There will be considerable travel to all parts of the UK and occasional visits overseas.

To apply please send a comprehensive CV to:- Ian Hallett, Management Recruitment Unit, British Telecom, Room 26/48, Euston Tower, 286 Euston Road, London NW1 3DG.

Initial interviews are likely to be held in week commencing, 27 October 1986.

Further information can be obtained if desired from the Chief Internal Auditor, Allan Legg, on 01-356 4862 (office) or 0276 23864 (home).

British TELECOM

GENERAL APPOINTMENTS

appear every WEDNESDAY

ACCOUNTANCY APPOINTMENTS

appear every THURSDAY

Rates £41 per single column centimetre

## FAMILY ASSURANCE SOCIETY

## FINANCIAL CONTROLLER

**Brighton** **c £22,500 + car**

Family Assurance Society has enjoyed spectacular growth in the past seven years and is now a market leader in the provision of tax-exempt savings plans with over £150m under management.

The job offers a first class opportunity to be in the forefront of the financial services revolution. As a senior member of the management team, reporting to the Treasurer, you will be expected to work to high standards and exacting timetables and contribute fully to our ambitious future plans.

You will be supported by a Department of 12 people and one of the most sophisticated and up-to-date mainframe computer systems available. Your responsibilities will range over the complete financial function of our business, including planning and control, systems development, project appraisal and management reporting

You will need to be a highly motivated, qualified accountant with at least two to three years' post-qualification experience in the insurance or financial service industries.

*We can promise you hard work, stimulating tasks and as much coffee as you can drink.*

*Please reply, with full career details, to:*

Mr. J. R. Reeve, Treasurer
FAMILY ASSURANCE SOCIETY
19 New Road, Brighton, East Sussex BN1 1WF

## Chief Management Accountant

**South London** **to £25,000 + car**

Our client is a highly successful, c£200m turnover subsidiary of a major acquisitive group, operating in competitive fmcg sectors. Manufacturing a range of household name products, the company is a major supplier within its markets and employs a substantial workforce throughout the UK.

As Chief Management Accountant, reporting to the Finance Director you will have responsibility for a sizeable accounting team. The role will encompass the co-ordination and control of all aspects of the management accounting function including statutory responsibilities, with particular emphasis on sound financial input to the commercial decision-making process. Liaising closely with Directors and senior managers, your duties will include advising on the financial implications of capital investment and product development; planning and forecasting; and the development of management information systems.

Aged 30–35, you will be a qualified accountant probably a graduate, and have gained at least 4 years' p.q.e., in commerce, preferably in an fmcg environment. Previous exposure to sophisticated computer based systems in a progressive multi-site organisation is important. In addition to familiarity with strategic planning and business analysis techniques, your leadership skills and commercial acumen must be self evident. Above all, you will be expected to make a significant contribution to the strategic, commercial and operational management of the business. There are real prospects for career development within this major group.

Interested applicants should write to Barry Ollier ACA, Executive Division, enclosing a c.v. and daytime telephone number, at 39–41 Parker Street, London WC2B 5LH, quoting ref. 349.

MP

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
*A member of Addison Consultancy Group PLC*

**Lancashire** **£22,500 + Car**

## Financial Director

### Designate

Our clients are substantial, long-established and successful. UK gas distribution, civil engineering and building contractors who also export their specialist technology extensively overseas. Growth is accelerating and they now need e Financial Director Designate, who will maintain tight control over the operation and take responsibility for the financial and administrative aspects of the organisation's expansion.

The successful candidate will be at least 30 years old and e well-qualified accountant. Experience must include the creation of financial strategy, a period in the contracting industry, and the organisation, installation and development of computerised management information and control systems.

We seek a persuasive, practical performer who is especially able to contribute to the needs of e growing organisation, and there will be ample room to grow with the company. Assistance will be given with relocation expenses to one of the pleasanter parts of the country.

**Letters of application, together with CV, salary progression and any other relevant data should be sent without delay to the Managing Director, Performance Management Limited, 8th Floor, Peter House, St. Peter's Square, Manchester, M1 5BH, quoting ref. P117.**

PM Performance Management Limited
MANAGEMENT CONSULTANTS

## Financial Accountant

North London

This is a challenging opportunity to make a positive contribution to the improvement in the financial reporting of an autonomous unit of a major UK Group.

The company has a turnover in excess of £15 million, and supplies consumables to both the industrial and FMCG markets.

A qualified accountant is required to manage a busy accounts department (all ledgers and payrolls) and be responsible for the timely production of financial reports and forecasts, which will include monthly balance sheets, profit and loss accounts and cash-flow statements.

Candidates should have previous experience of managing staff and will also be required to make a positive contribution to the improvement and development of computerised accounting systems.

Reporting direct to the Financial Director, the successful applicant, who is unlikely to be currently earning less than £14,500, can expect the usual benefits of working for a subsidiary of an international Group.

Please write with a full CV, including details of current remuneration. These will be forwarded direct to our client. List separately those companies to whom your details should not be sent. Matthew Payne ref. MP/B/6.

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CONFIDENTIAL ADVERTISING

## FINANCIAL CONTROLLER
### (& Company Secretary)

**£22,000 package** **Hertfordshire**

The company is a successful full service creative advertising agency providing a comprehensive service to well-known high profile clients. They employ 35 people and turnover is £2.75 million with good profits.

An opportunity has arisen, following the restructuring of the Board, for a Financial Controller/Company Secretary. This is a new appointment and the successful candidate will report directly to the Managing Director. The challenge here is to develop effective financial controls and procedures and establish the company secretarial function. The appointee will also be responsible for the personnel and general office functions. Existing procedures have grown up with the company and this appointment will, for the first time, ensure co-ordination and development of them under a sole full-time financial executive.

The successful candidate will probably be aged 30 to 40 years, with demonstrable achievements in establishing and developing the finance function virtually from scratch. Experience in controlling the personnel and general office functions is also desired. The ideal qualification will be F.C.A., F.C.C.A. or F.C.I.S.

The post carries e salary of circa £20,000, a 2 litre car, four weeks annual holiday and the usual company benefits. There are *excellent prospects for promotion to the Board and an equity share in due course.*

For further information please telephone **Don MacLean** on **0908 678114** during office hours or at home on **0494 782042.** Alternatively send your CV to him at Role Management Limited, Midsummer House, 435 Midsummer Boulevard, Central Milton Keynes MK9 3BN.

Role Management

## MANAGEMENT CONSULTANTS

### Are you eager for success? Are you available now?

As a result of our continued growth we require several **MANAGEMENT CONSULTANTS** to maintain our development.

*Could you be one of them?*

You must be highly motivated with an appetite for achievement. Your successful track record will show that you are thoroughly experienced in the business to business area and capable of problem solving for small and medium sized companies, be they financial, commercial or manufacturing.

You will receive comprehensive training and the back-up necessary.

A first rate remuneration package commensurate with effort is offered.

If this is your sort of challenge and you would like to join our expanding team, please send complete career details to Mark Quinery, Ref: F.T., Independent Consulting and Management Company Ltd., Rawplug House, 147 London Road, Kingston-upon-Thames, Surrey KT2 6NR.

ICMC

## FINANCIAL DIRECTOR

**BELFAST** **c £20,000 + CAR**

An aggressive qualified Accountant aged around 35 is required to squeeze improved results out of a two-site organisation. RFD Limited is one of the foremost companies in the design and construction of inflatable survival equipment, its equipment being used worldwide on aircraft and ships.

All manufacturing is currently being concentrated in Belfast, leaving technical and sales in the London area. This £10 million turnover company is part of Wardle Storeys PLC, itself regarded by the City as growth orientated.

Excellent career opportunities exist for an individual able to demonstrate his/her mastery of financial controls both in technique and application. Already successful in the current job, with at least five years in industry, The individual must now be looking for a bigger "stage" to develop their career. The job is located in the Dunmurry area of Belfast and reasonabla relocation costs will be met. Initial salary negotiable around £20,000 pa. Two-litre car and other benefits provided.

*Please write in confidence, marked "Private and Confidential," to:*

The Managing Director, Mr. J. West
RFD LIMITED
66 Catteshall Lane, Godalming, Surrey GU7 1LH
or telephone: Godalming (04868) 4122

SYDNEY Jonathan Wren LONDON HONG KONG

## MERCHANT BANKING ACCOUNTANTS – NEWLY QUALIFIED TO £18,000

Two of our clients, both major British merchant banks, are seeking recently qualified, graduate ACA's from the 'big 8', aged 25 to 27.

The first position is in the audit department and our client requires audit experience. The post will lead on to operational banking in 2/3 years time, in corporate finance or lending.

The second is for a management accountant in the treasury area, researching on foreign exchange exposure and liquidity exposure, and developing internal management reporting procedures. The very competitive salary would be enhanced by e bonus scheme and other normal banking benefits, including mortgage. Both positions offer an excellent route into banking with well known organisations. Contact Mark Forrester or Karyn Rutherford.

Jonathan Wren
Recruitment Consultants
No. 1 New Street, London EC2M 4TP. Tel: 01-623 1266

# Accountancy Appointments

## Plant Financial Controllers (2)

### – Engineering

Bedfordshire and Avon £19,000 + car

Our client, the British subsidiary of a multi-national operation, manufacture and market motor vehicle parts which are distributed throughout Europe and has a turnover in excess of £50m in the UK.

Opportunities have occurred for Financial Controllers in two of their manufacturing plants, one in Bedfordshire and one in Avon. Both positions form part of the plant management team providing a total management accounting service to the site with emphasis on cost control and improvement.

The successful candidates will be aged 30 to 40 years, ACMA, with at least 8 years experience at a senior level in the engineering industry and with a thorough understanding of engineering manufacturing processes.

Attractive remuneration packages are offered with pension, life assurance, car and relocation expenses.

Please telephone for an application form or send C.V. to John Cole.

**Helrick Matthews Ltd.** Executive Selection & Search, Personnel Consultants. Cathedral House, 5 Beacon Street, LICHFIELD, Staffs. WS13 7AA. Telephone: (0543) 254454

## Capital Expenditure Controller

### Berks

**£18,000 + Substantial Bonus + Car**

Our client is a £330m major subsidiary of a diverse energy group operating in the UK through a regional/national network. This newly created position reports to the Financial Controller within the central finance function.

The role involves evaluating and controlling all capital investment projects with a strong emphasis on presenting proposals that are cost effective and beneficial.

The successful candidate must have a strong personality and good communication skills together with a numerate and logical mind.

The benefits are excellent and include non-contributory pension, fully expensed car and relocation expenses where appropriate.

Please write enclosing full resume quoting Ref 113 to:
Nigel Hopkins, FCA,
97 Jermyn Street,
London SW1Y 6JE.

**Cartwright Hopkins**
FINANCIAL SELECTION AND SEARCH

## FINANCIAL CONTROLLER

### WARRINGTON

Our client is a rapidly growing business with established and profitable high street outlets selling and renting consumer electronic equipment. Recent expansion has involved moving into both the office equipment and business communications markets.

Their current success has created a need for a dynamic, progressive and experienced person who can run the finance function and take an important role in future growth.

The successful candidate, aged between 30 and 40, will be a self starter, capable of hard work and progressive by nature. Membership of an accountancy body is required, along with experience of a fast growing business, ideally in either the retail, electronics or telecommunications industries.

Salary and benefits are excellent for the right person who can look forward to promotion to the board of directors. If you think you can meet the challenge of this exciting, new opportunity then write in confidence to: John Calvert, Executive Selection Division.

**PEAT MARWICK**
Peat, Marwick, Mitchell & Co.,
Century House, 7 Tib Lane, Manchester M2 6DS.

## BBC APPOINTMENTS

### HEAD OF FINANCE
North East Region

The BBC's North East Region has recently been established to bring together and develop BBC Broadcasting and production resources for both television and radio within an area which extends east of the Pennines, from the Scottish Border to The Wash. The newly-created post of Head of Finance will be a key appointment to the Regional Management Team, based in Leeds. As the financial procedures for the new Region have yet to be established, this is an opportunity for a dynamic, ambitious accountant to join a new operation at its formation.

You will advise on, and monitor, the financial implications of all proposals and development plans. The development of financial control systems, budget forecasting and allocation and the provision of an effective management accounting service will all be important aspects of your responsibilities.

A professional accountancy qualification will need to be complemented by broad experience, at a senior level, in the key areas of responsibility of this challenging role.

An informed interest in broadcasting would be a distinct advantage.

Salary will be in a range £15,716—£20,406. (Ref. 2632/F)

### MANAGEMENT ACCOUNTANT
Central London

The world of the BBC is large and varied. As a member of one of our multi-discipline activity review teams, you would play a vital role in the assessment of the effective and efficient use of resources. Additionally, you will be involved in a range of special projects.

A young, qualified (ideally ACMA) accountant, probably aged around 30, you should have the ability to contribute towards the achievement of these objectives.

Salary: £13,194—£16,796. (Ref. 2627/F)

We are an equal opportunities employer

Relocation expenses considered.
Contact us immediately for application form and further details (quoting appropriate ref.), BBC Appointments, London W1A 1AA. Tel. 01-927 5799.

## A Strategic Management Role in Treasury and Planning

**Thames Valley** **c£28,000 + Car**

Our client is one of the largest distributors of computer equipment and support services in the U.K. The company has experienced a period of restructure and reorganisation and is committed to long term profitability and market penetration.

An exciting opportunity has arisen for a treasury specialist to join the newly appointed senior management team. Particular emphasis will be placed on funding and cash management. Candidates will be graduates, aged mid 30's with an accountancy qualification and/or MBA. Strong planning skills gained in an International environment together with high intellectual ability will enable you to recognise business opportunities and to develop strategic long term plans in this pro-active commercial environment. Recent exposure to acquisition analysis in a fast moving business sector would be advantageous.

This is a unique and challenging position demanding a high level of commitment and personal presence. The remuneration package will include a high starting salary and attractive fringe benefits with the possibility of future share options.

Interested applicants should write to Andrew Sales FCCA, Executive Division, enclosing a comprehensive C.V., and daytime telephone number, at 39-41 Parker Street, London WC2B 5LH quoting ref: 347.

**Michael Page Partnership**
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
*A member of Addison Consultancy Group PLC*

## Challenging New Appointment With Successful & Rapidly Expanding 'Hi-Tech' Group

## MANAGER–FINANCIAL ACCOUNTING

**Camberley, Surrey. c £22,000 + car + generous stock purchase scheme**

In only 4 years, this dynamic US company has successfully developed an outstanding range of high-performance computer-based products, regarded as the world leaders in their field. The Company's placing of shares on the US market earlier this year marks the start of the next phase in its corporate development.

With plans for a substantial growth in UK turnover, they now wish to strengthen the financial management team by the appointment of an experienced young accountant as Manager — Financial Accounting.

Based in their modern headquarters and reporting directly to the UK Financial Controller you will be fully responsible for the development, control and operations of the Company's financial accounting function, the quality and accuracy of financial reports and accounts prepared to tight deadlines, and the development and direction of an expanding accounting team.

Your brief will also include the development of enhanced computer-based accounting systems to meet the demands of this growing company, and therefore candidates, who will be **qualified accountants, probably aged 28-36,** will have had experience of sophisticated computer systems, together with evidence of excellent people-management and technical accounting skills, gained in a progressive, fast-moving, and possibly international business environment.

*This important appointment commands a top salary and benefits package, and offers significant career prospects with the Company's UK or European operations. For a detailed and confidential discussion call **Neil Wax on 01-387 5400** (out of hours 0923 43033) or write to him at:*

**FINANCIAL SELECTION SERVICES**
DRAYTON HOUSE, GORDON STREET, BLOOMSBURY, LONDON WC1H OAN TELEPHONE: 01-387 5400

## Profitable & Progressive f.m.c.g. Group Seek An Accomplished Professional As

## FINANCIAL PLANNING MANAGER

**Essex, close to M11 to £25,000 + executive car + substantial benefits**

Our client is the U.K. sales and marketing operation of a major f.m.c.g. group and amongst the market leaders in this highly competitive field. They are committed to a policy of continued growth through both acquisition and the introduction of further brands to complement their existing range of quality "household name products".

Strong financial management is a key factor underpinning the Company's success and particular emphasis is placed upon financial planning and control. As the Financial Planning Manager you will perform a key role providing input to strategic decision making for the sales and marketing and Head Office functions, and, as a member of the management committee it is expected that you will make a substantial impact towards improving operational performance.

Your primary responsibilities will be to co-ordinate the planning function involving the preparation of financial and corporate plans, the development of an integrated financial information system for the sales and marketing functions and the presentation of meaningful financial reports.

We would welcome applications from ambitious commercially minded accountants (likely to be aged 30-35) who can demonstrate a lively manner together with the commitment to succeed in a demanding and stimulating environment.

A generous benefit package will be available including relocation where necessary.

*For a detailed and confidential discussion call **Paul Goodman**, consultant to the company, on **01-387 5400** (out of hours on 01-954 5242) or write with full career details to:*

**FINANCIAL SELECTION SERVICES**
DRAYTON HOUSE, GORDON STREET, BLOOMSBURY, LONDON WC1H OAN TELEPHONE: 01-387 5400

## FINANCIAL CONTROLLER

The INTERKILN Group, an International Organisation specialising in ceramic projects mainly in developing countries, is seeking to strengthen its financial management team by the appointment of a Financial Cootroller to take responsibility for the Financial and Company Secretarial affairs of the Group.

Duties will include the preparatioo of statutory and management accounts and tha development of financial cootrol systems in the U.K. and Overseas Companies.

Candidates should be qualified accountants (CMA/CCA) in their 30s and should have relevant practical commercial experience.

We seek a tough character with the ability and initiative to make an impact io a rapidly expanding business.

The position is based in Loodon but will require regular travel to the Group's overseas locations.

Remuneration £20K to £25K plus a company car and the usual benefits.

Interkiln is a progressive group and is uniquely poised to offer excellent career development prospects to the right person.

*Apply in confidence with detailed C.V. to:*

**INTERKILN ENGINEERING LIMITED**
**13-17 Long Lane, London EC1A 9PN**

### CHARTERED ACCOUNTANTS
c £17,500-£25,000 + car

Are you a recently qualified accountant or finalist looking for a new career?

With a wide variety of excellent positions available in small to medium-sized companies, and diversity of other blue chip companies we are ideally placed to fill your job requirements. Our service is personal, professional and completely confidential. We may have just what you've been looking for, so why not ring us today for an appointment or simply send us your CV.

Ref: CA/346

### COMPUTER AUDITOR c £20,000

The Merchant Banking arm of a major International banking group located in the City seeks a Qualified Accountant to join their computer Audit Department.
Ref: RC/650

### OPERATION REVIEW c £20,000

An excellent opportunity for a Qualified Accountant to join this dynamic manufacturing and services group located East of Berkshire. Duties will include Financial and Operational Accounts review throughout their European and worldwide offices. Line management position after 2 years.
Ref: SB/670

For further details phone or write quoting reference to:

**ACCOUNTANCY ASSOCIATES LIMITED**
*temp./perm. recruitment consultants*
5 VIGO STREET LONDON W1X 1AH TELEPHONE 01-439 3387 TELEX 27789

## Young Group Financial Accountant

### Develop your career within this international group of companies

**£ negotiable** **London – West End**

Our client can rightly claim to be one of the world's leading international companies in its spheres of operation, with a turnover in excess of £400 million and over 20,000 employees in more than 100 locations worldwide.

Promotion has created this need for a young (mid/late 20's) qualified accountant to join a small team at Group Head Office. Your initial appointment as Group Financial Accountant will include financial reporting involving contact with overseas subsidiaries, enhancement of computer systems and ad hoc projects for the Board.

You will need to display well rounded professional and personal qualities in working to tight deadlines within an informal environment.

Career prospects within this growth orientated and forward-looking organisation are exceptionally good.

Starting salary is negotiable and will not be a problem for the right candidate. The benefit package includes pension, free lunches and BUPA.

If you are interested in this worthwhile opportunity, please write – in confidence – to Philip Bainbridge, Selection Consultant, ref. B.35028.

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FINANCIAL SERVICES

## Finance Specialists looking for a career in international banking

### ... key development opportunities with a sector leader

With a reputation for being innovative and forward thinking our client is recognised as being a key player within the rapidly changing and intensely competitive financial services sector.

Their mission is to recruit a small number of high calibre finance professionals who would undertake a familiarisation programme covering all financial management areas within the banking operations and to be based at their prestige Head Office on the south coast.

These positions are seen as development roles and the successful candidates should demonstrate the potential and ability for promotion into more senior positions within the finance function or other areas of the bank either in the UK or overseas within 18 months to 2 years.

Make no mistake these are rare, first class career opportunities and will appeal to ambitious, commercially aware qualified accountants.

Package c.£20k including normal banking perks.

Please write in confidence with full career details to Philip Bainbridge, Selection Consultant, ref. B. 35024.

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FINANCIAL SERVICES

# Accountancy Appointments

# Accountancy Appointments



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# Accountancy Appointments

## Group Finance Director

**Equity Opportunity**

**MID ESSEX**

**c £35,000**

Successful management buyouts probably offer today's most exciting career prospects. Our client gained its independence earlier this year and is working towards a Stock Exchange listing within the next 2 to 3 years.

They are a highly successful group of companies in the packaging industry, with a record of sustained growth and profitability, and boast many top name clients in their £30m turnover.

They are now seeking to appoint a high calibre Group Finance Director as a key member of the Main Board. The main responsibilities will be to ensure the Group continues to operate on a sound financial basis and to prepare it for an early listing. This will entail close involvement in the day-to-day control of the business and in the strategic planning of its activities, as well as establishing close links with the City.

Candidates must be Qualified Accountants, aged around 35-40, with several years wide ranging experience in a manufacturing environment, ideally in packaging or a related industry. They must be able to demonstrate keen commercial awareness and have the entrepreneurial flair to maximise the Group's considerable potential.

A fully competitive remuneration package is offered, including an attractive directors incentive scheme, and there will be the opportunity to acquire equity. Career prospects are unusually good.

*Please send concise details, including current salary and daytime telephone number, quoting reference C2004, to W S Gilliland, Executive Selection Division,*

**Grant Thornton**
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Fairfax House, Fulwood Place, London WC1V 6DW.

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SCHERING

## International Operational Audit

### Young Accountant based in Cambridge

Schering AG, West Germany, is a major force in the chemical industry worldwide. Within the UK our interests include pharmaceuticals, industrial chemicals, electroplating, and chemicals for agriculture, and we employ over 2,000 people in a wide range of disciplines.

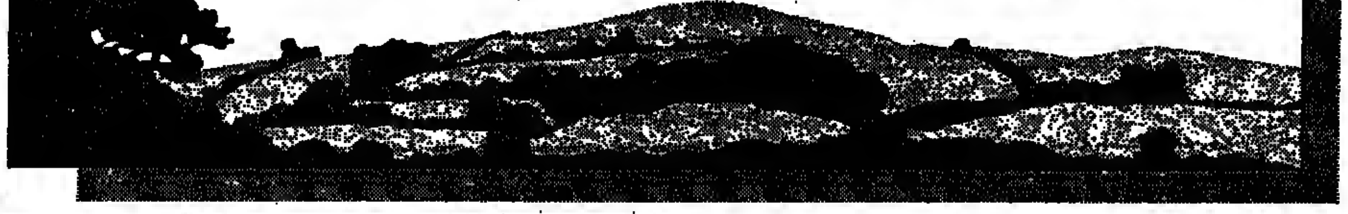
A number of functions are centralised within Schering Holdings Limited and these comprise finance, including taxation, treasury, banking and audit as well as legal and secretarial. Operational Audit is one of these central functions and is based in Cambridge.

Operational Audit provides a service to the Schering Group worldwide by ensuring that controls and targets are properly established and by recommending and introducing improvements to performance. International travel is, therefore, an integral part of the job.

We are seeking an additional accountant to join the professional team. Ideally, you should be a graduate with either ACMA or ACA and at least two years' post-qualification experience, and be able to show a practical appreciation of business needs. Experience of working at senior management level and good interpersonal and communication skills are essential.

In return, we can offer a highly competitive salary and a wide range of additional benefits, which will include generous relocation assistance where appropriate. Career prospects within the Schering Group are significant.

Please write or telephone for an application form or send a full cv, including salary details, to Neil Follett, Manpower Resources Manager, Schering Holdings Limited, Hauxton, Cambridge CB2 5HU. Tel: Cambridge (0223) 870024 (24-hour answering service).



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## AUDIT MANAGER

PACKAGE £20,000+ plus Car
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An exceptional opportunity to manage consultancy projects

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Reporting to the Group Chief Inspector and based at our Head Office in Cardiff, the Audit Manager will be responsible for managing the audit review and appraisal of all Group activities, including:-

- the effectiveness of internal control systems
- the accuracy and completeness of accounting records
- the efficiency of operational procedures
- the security of assets and investments
- adherence to policies and procedures

The postholder will be expected to contribute to Group profitability by recommending improvements to both manual and computer systems in either operational or development environments. Computer interrogations are used in the audit of ICL and IBM computers.

The ideal candidate will be a graduate qualified accountant with at least three/four years' post qualification experience. Knowledge of project management and data processing concepts are required, together with well-developed communication skills. Practical computer audit experience is essential.

A BUSINESS AUDITOR position is also available for candidates with one/two years' post qualification experience.

Attractive financial sector benefits will be available, including eligibility to join a subsidised mortgage scheme, a profit sharing scheme and generous assistance with relocation expenses, where appropriate. Cardiff offers an excellent choice of housing in one of the most attractive parts of the country.

Please apply to:-
Mr. P. R. Symes,
Training & Development Manager,
Chartered Trust plc,
24/26 Newport Road, Cardiff, CF2 1SR.
Telephone No: (0222) 484484 extn 2120.

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## FINANCIAL CONTROLLER

**Our client is a small public company** manufacturing and marketing advanced CAD products for a specialist market: two years intensive R & D has facilitated a phase of substantial growth. A Financial Controller is required to upgrada all financial information, control an accounts function of ten staff and implement new systems throughout tha company. This is an excellent first controllarship for a top flight qualified accountant, 26-30, possessing the ability to manage rapid change. Ref: GR.

N.W. LONDON **c.£18,000+Car**

## PROJECT ROLE

This bighly diversified international trading group with an outstanding record of profitability and development, requires a qualified accountant, 25-35 for a Head Office role. Enjoying involvement in statutory and management accounting the role also embraces troubleshooting for subsidiary companies, involvement in acquisitions and systems development. This is a high profile rola offering considerable commercial involvement and excellent prospects. Ref: LMS.

CITY **£22,000+**

## FIRST MOVE

A diverse manufacturing group, part of a UK multinational, seeks an ambitious accountant for this Head Office role. The Assistant Group Accountent will be responsible for financial and management accounting, various projects and soma tax and treasury work. This position will ideally suit a newly qualified ACA seeking their first move from the profession into a progressive environment offering real prospects. Ref: CM.

C. LONDON **To £18,500**

## CONTROLLER

A young, rapidly growing Lloyd's brokerage seeks an ambitious newly/recently qualified Chartered Accountant to take full charge of the finance function. Reporting to the Chief Executive the position is seen as a career development role offering broad experience of financial and management accounting, staff management and high level project work. The successful candidate will offer excellent communications skills and the ability to develop computerised systems. Ref: PAB.

C. LONDON **£18,000+Car**

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## Financial Controller for Financial Services Company

**Medium-sized Licensed Deposit Taker, part of a large group, specialising in:—**
**Property Finance**
**Investment Finance and Treasury Management**

### Requires:

### A Young Qualified Accountant

To assist in the development of the next phase of growth, building on the base of our recent rapid expansion. The A/FCA, A/FCCA will have sound technical expertise preferably, but not essentially, in banking and the commercial aptitude and enthusiasm necessary to work as part of a small and young professional team.

We expect to pay a realistic salary.

Please send your written cv to: The Managing Director, Consolidated Credits and Discounts Limited, Chelsea House, West Gate, London W5 1DR.

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## FINANCIAL CONTROLLER

c £25,000 + Car + Benefits

Chaussures Ravel is a leading national high street retailer selling shoes to a fashion conscious market, operating around about 125 units. It is part of the C. & J. Clark Ltd group of companies.

We want to appoint a Financial Controller responsible to the Managing Director for financial control, management accounting, data processing and general Head Office administration. The major task is to redesign the accounting and DP functions to match the changing commercial activities.

You must be a qualified accountant with several years experience of managing or working closely with DP departments. You should have worked in a commercial environment, preferably in distribution, and must have a keen business sense. Age between 27 and 35.

The position is currently based in London, however, we are intending to relocate to the West of London early 1987. Salary will be negotiable with a profit sharing bonus, company car and usual benefits.

Please apply by sending a curriculum vitae or telephone Rosemary Johnson, Personnel Manager for an application form.

Chaussures Ravel Ltd.,
60 Neasden Lane,
London NW10.
Tel: 01-450 3181.

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## Financial director

**Essex, c £25,000 + car**

C&L

For an expanding private housebuilding company; the principal operating company within a specialist property development and housebuilding group which puts great emphasis on quality products. Turnover this year will be around £9m and tha Group expects to seek a flotation shortly.

A new appointment, yours will be a key role in a recently strengthened top management team. Reporting to tha Managing Director you will have responsibility for the entire financial function and will be expected to make a major contribution to the preparations for the forthcoming flotation. You will also be responsible for implementing further enhancemants to the company'a computerised accounting and management reporting system.

A qualified accountant in your early thirties, with a minimum of three years commercial experience, you will already have reached financial controller or similar level within tha housebuilding or construction industries. You should be enthusiastic and accustomed to working to the highest standards.

Résumés including a daytime telephone number to Torrance Smith, Executive Selection Division, Ref. S566.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House 3 Noble Street
London EC2V 7DQ

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## Management Accountant

*c.£17,500 plus car* *North West*

Unger Foods Ltd., a successful subsidiary of the international Campbells Food Group, require an experienced and yet ambitious Management Accountant to become a crucial member of the Management Team.

Reporting to the Financial Director, the appointee will be required to fulfil the total management accounting function, encompassing monthly performance reviews, forecasting and planning, project evaluation and the design of systems specifications for upgraded business management/control applications.

The succesful applicant must demonstrate a clear understanding of management and financial accounting concepts (preferably including U.S. reporting requirements), and must be capable of expressing his/her analytical skills clearly, consisely and enthusiastically.

For someone with relevant qualifications and experience, this is an excellent career move into an expanding multinational organisation. The compensation package is excellent and includes company car, a full range of insured benefits and relocation assistance where necessary.

Suitable people should apply in writing to Mrs. P. Capstick, Personnel Manager, Unger Foods Limited, Derby Street, Manchester, M8 8HE, enclosing a detailed C.V.

Unger

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*Executive Search and Selection Consultants*
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## *Site Accountant*

***(Part-Qualified)***

***North London*** ***Excellent Salary, Benefits***

An excellent opportunity to gain big company exposure and first line management experience. The company is a major multinational specialising in the manufacture and marketing of consumer electronics.

Responsibility will be for the management and control of the total financial accounting function of a £5 million autonomous unit of the company, coupled with the provision of financial support on an ad-hoc basis to the senior management team. Controlling a staff of eight the role will best suit a qualified or part qualified accountant wanting hands-on experience in a demanding financial environment.

Male and female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to *M. Gould*, Hoggett Bowers plc, *1/2 Hanover Street*, LONDON, *W1R 9WB*, 01-734 6852, quoting *Ref: 21066/FT.*

# The Institute of Chartered Accountants in England and Wales

## Results of Professional Examination II held in July, 1986

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Cowlishaw J. (Ernst & Whinney), London
Cox J. P. (Spicer and Pegler), Bristol
Crabtree J. L. (Peat, Marwick, Mitchell & Co), Keighley, W.Yorkshire
Creighton R. A. (Pridie Brewster), London
Crenol B. N. (Ernst & Whinney), London
Cresswell J. H. (Peat, Marwick, Mitchell & Co), Southampton
Cribb A. (Spicer and Pegler), Leeds
Croad S. C. (Grant Thornton), Aylesbury, Bucks
Cromar R. J. (Peat, Marwick, Mitchell & Co), Norwich
Crooks M. C. (Coopers & Lybrand), Liverpool
Cross J. A. (Brooking, Knowles & Lawrence), Winchester, Hants
Cross J. A. (Deloitte Haskins & Sells), Cheltenham, Glos.
Crouch P. J. (Longcrofts), London
Crowe H. F. (Touche Ross & Co.), London
Crowther J. M. (Price Waterhouse), Leeds
Culver B. J. (Judkins), Rochester, Kent
Curson P. N. (Peat, Marwick, Mitchell & Co), Sheffield
Curtis D. M. (Robson Rhodes), London
Curtis P. B. (Peat, Marwick, Mitchell & Co), London
Cutforth C. J. (Deloitte Haskins & Sells), Cambridge
Cutter D. J. (Peat, Marwick, Mitchell & Co), Keighley, W.Yorkshire

D

Daffurn T. R. J. (Clark Whitehill), Cheltenham, Glos.
Dakin M. R. A. (Deloitte Haskins & Sells), London
Dale A. G. (Deloitte Haskins & Sells), London
Dalgleish D. G. (Touche Ross & Co.), London
Dalman R. A. (Touche Ross & Co.), London
Damarell I. R. (Reads & Co.), Guernsey, Channel Islands
Dancer P. W. A. (Hodgson Impey), London
Darby A. T. (Milne Ross), London
Darling P. E. (Kidsons), Liverpool
Darroch D. J. (Deloitte Haskins & Sells), Newcastle upon Tyne
Dart L. R. (Price Waterhouse), Newcastle upon Tyne
Davey J. L. (Arthur Andersen & Co), London
Davies D. S. (Touche Ross & Co.), London
Davies J. (Price Waterhouse), Birmingham
Davies M. J. (Binder Hamlyn), London
Davies M. A. (Bright Grahame Murray), London
Davies N. G. S. (Peat, Marwick, Mitchell & Co), London
Davies S. A. J. (Deloitte Haskins & Sells), London
Davies S. J. (Peat, Marwick, Mitchell & Co), London
Davis A. S. (Ball Baker Leake), London
Davis F. L. (KMG Thomson McLintock), London
Davison J. J. (Price Waterhouse), London
Davy R. G. (Peat, Marwick, Mitchell & Co), London
Dawes C. J. (Peat, Marwick, Mitchell & Co), Newcastle upon Tyne
Dawkins A. (Deloitte Haskins & Sells), London
Day I. E. (Ernst & Whinney), Ipswich
Day R. M. (Peat, Marwick, Mitchell & Co), London
Day T. J. (Kirby, Smale & Co), Coventry
Deakin J. (F. Geen & Co), Stoke-on-Trent
Deards D. A. (Arthur Young), London
Deeks S. E. (Binder Hamlyn), London
Defreyne C. S. (Price Waterhouse), Newcastle upon Tyne
Demby J. A. T. (Dearden Farrow), London
Denney J. S. (Ernst & Whinney), London
Dennis A. L. (Hodgson Impey), Hull
Densley E. A. (Casson Beckman), London
Dent C. J. (Armstrong Watson & Co), Penrith, Cumbria
Denton A. K. (Deloitte Haskins & Sells), Cardiff
Des Landes N. J. (Coopers & Lybrand), London
Deutz M. P. (KMG Thomson McLintock), London
Dey A. K. (Arthur Young), London
Dhaliwal H. K. (Creaseys), Tonbridge, Kent
Dhaliwal H. S. (Landau Morley), Wembley, Middx
Diamond J. R. (Barker, Hibbert & Co), Croydon
Diamond M. J. (Spicer and Pegler), Cambridge
Dickinson A. J. (Touche Ross & Co.), London
Dickinson J. A. (Price Waterhouse), London
Dilnot C. E. (Peat, Marwick, Mitchell & Co), London
Dineni S. (Ernst & Whinney), London
Dixon C. (Coopers & Lybrand), Liverpool
Dixon J. (Touche Ross & Co.), London
Dodd H. (Arthur Andersen & Co), London
Dodd T. P. J. (Ernst & Whinney), London
Doe P. M. (Gilbert, Allan & Co), London
Dolbel A. J. (Touche Ross & Co.), Jersey, Channel Islands
Dollman R. A. (Finnie & Co.), London
Dolton C. J. (Grant Thornton), Milton Keynes
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Donaldson S. D. B. (Binder Hamlyn), Manchester
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Donovan S. D. (Bishop Fleming), Plymouth
Dorling M. P. (Griffin and Partners), London
Dosanjh G. S. (Peat, Marwick, Mitchell & Co), York
Drew P. C. (Price Waterhouse), London
Drummond G. E. (Arthur Andersen & Co), London
Dryburgh A. C. (Ernst & Whinney), Norwich
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Dufai K. K. (Kidsons), London
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Duncumb N. J. (Coopers & Lybrand), Cambridge
Dunkley M. G. (Grant Thornton), Leeds
Duthie P. L. (Clark Whitehill), London
Dyckhoff A. M. (Price Waterhouse), London

E

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Edwards A. (Robson Taylor), Bristol
Edwards C. (Touche Ross & Co.), Bristol
Edwards H. L. (Coopers & Lybrand), Cardiff
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Enoch S. A. (Price Waterhouse), London
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Evans S. J. (Kings), Berkhamsted, Herts
Evans W. E. (Deloitte Haskins & Sells), Cardiff
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Everest J. M. (Pannell Kerr Forster), Ipswich

F

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Fallen M. J. (Arthur Andersen & Co), London
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Farnworth A. J. (Binder Hamlyn), Manchester
Farrier S. (Haines Watts), Birmingham
Farrimond J. C. (Coopers & Lybrand), Bedford
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Fears N. A. (Arthur Andersen & Co), London
Felix K. M. (Touche Ross & Co.), Leicester
Felton J. C. (Deloitte Haskins & Sells), Bristol
Ferguson A. J. K. (Ernst & Whinney), London
Fernando W. B. C. (Feltons), London
[illegible] P. (Ernst & Whinney), London
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Fidler M. W. (Deloitte Haskins & Sells), London
Field J. M. (Coopers & Lybrand), London
Fielden R. G. (Rawlinson and Hunter), London
Fielding G. P. (Ashworth, Moulds & Co), Burnley, Lancs
Filoctia A. (Blythens), Nottingham
Finn A. W. G. (Coopers & Lybrand), Uxbridge, Middx
Finnieston C. M. (Clement Keys & Co), Birmingham
Fish R. S. (Arthur Andersen & Co), Birmingham
Fisher M. R. (Arthur Andersen & Co), London
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Fitzpatrick P. F. J. (Dearden Farrow), London
Fleming L. (Grant Thornton), Nottingham
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Folland J. (Arthur Young), Newcastle upon Tyne
Ford S. E. (Spicer and Pegler), London
Forrest G. S. L. (Grant Thornton), Newcastle upon Tyne
Forsyth J. C. (Price Waterhouse), London
Forty J. C. (Touche Ross & Co.), London
Foster J. S. (Lubbock Fine), London
Fox A. M. (Hogg, Bullimore & Co), London
Fox A. J. (Touche Ross & Co.), Leicester
Fox A. J. (Menzies Middleton Hawkins & Co), Kingston-upon-Thames
Fox M. P. (Price Waterhouse), London
Fox P. A. (Ernst & Whinney), Leeds
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Frank N. R. (Wilson, Green, Gibbs), London
Franke J. A. (Ernst & Whinney), London
Freedman K. D. (Arthur Andersen & Co), London
French M. J. (Lovewell Blake & Co), Norwich
Frixou J. (Ashdens), London
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Fryer P. N. (Pannell Kerr Forster), Birmingham
Fulbrook A. (Ernst & Whinney), London
Fulcher J. L. (Peat, Marwick, Mitchell & Co), London
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Fuller J. T. T. (Spicer and Pegler), Newcastle upon Tyne
Fullerton T. J. (Price Waterhouse), London
Fulton A. J. (Holden, Harrison & Co), Manchester
Fussell T. G. (Hereward Scott Davies), Somerton, Somerset

G

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Garg S. (Midgley, Snelling & Co), Weybridge, Surrey
Garlick R. M. (Deloitte Haskins & Sells), London
Gatter S. M. (Deloitte Haskins & Sells), Cheltenham, Glos.
Gawley A. P. (Robson Rhodes), London
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Gedge D. R. (Neville Russell), Norwich
Gelmar T. M. (Deloitte Haskins & Sells), London
Gemmill K. (Spicer and Pegler), Nottingham
Genkins M. P. (Touche Ross & Co.), London
Ghia N. (Milne Ross), London
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Gibb S. J. M. (KMG Thomson McLintock), London
Gibbs K. P. (Touche Ross & Co.), Bristol
Gilbert A. A. (Arthur Young), Cambridge
Gilbert D. R. (Grant Thornton), Wellingborough, Northants
Gilbey S. (Freedman, Frankl & Taylor), Manchester
Gilchrist A. I. (Dixon Wilson), London
Gildersleeves P. S. (Coopers & Lybrand), London
Giles C. S. (Peat, Marwick, Mitchell & Co), Maidstone, Kent
Gill S. J. (Ernst & Whinney), London
Gillatt K. J. (Price Waterhouse), Nottingham
Gittins A. J. (Ernst & Whinney), London
Glass M. S. (Stoy Hayward), London
Glass S. J. (Peat, Marwick, Mitchell & Co), London
Glicher S. V. (Holden, Harrison & Co), Manchester
Gold D. R. (Arthur Young), Newcastle upon Tyne
Goldstein J. N. (KMG Thomson McLintock), London
Goldstein M. H. (Rayner Essex), London
Good S. P. (KMG Thomson McLintock), Darlington, Co. Durham
Goodall G. (Hugill & Co), Waltham Cross, Herts
Goodbody J. (Beavis Walker), London
Goodwin K. M. (Spicer and Pegler), London
Gosling S. P. (Ernst & Whinney), Manchester
Graham A. (Casson Beckman), London
Graham C. (G.W. Townend & Co), Goole, N.Humberside
Graham-Bryce A. F. (Arthur Andersen & Co), London
Grant A. D. (Touche Ross & Co.), London
Grant M. C. (Peat, Marwick, Mitchell & Co), Cardiff
Gray C. M. (Touche Ross & Co.), Leeds
Gray M. J. (Price Waterhouse), London
Gray P. L. (Stoy Hayward), London
Gray R. T. (Ernst & Whinney), London
Greaney A. (Price Waterhouse), London
Green C. M. (Baker Rooke), London
Green H. C. (Kidsons), Birmingham
Green J. J. (Coopers & Lybrand), Manchester
Green P. A. (Price Waterhouse), Leeds
Green T. S. (Roberts, McLennan & Co), Woking, Surrey
Greenfield L. (Finnie & Co.), London
Greenwood P. S. (Ernst & Whinney), London
Greenwood S. J. (Pannell Kerr Forster), Leeds
Greenwood T. S. (Deloitte Haskins & Sells), Manchester
Grewal A. S. (Alexander Springer & Co.), London
Grimsley J. B. (Peat, Marwick, Mitchell & Co), Congleton, Cheshire
Grimson N. B. S. (Mercer & Hole), St. Albans, Herts
Grindal C. R. L. (Peat, Marwick, Mitchell & Co), London
Grove J. (Price Waterhouse), London
Grzeskowiak J. (Fraser Keen), Ware, Herts
Gudka E. S. (Neville Russell), London
Guest D. A. (Bright Grahame Murray), London
Guscin H. A. (Grant Thornton), Bradford, W.Yorkshire

H

Haas R. D. W. (Deloitte Haskins & Sells), London
Habertin M. (Coopers & Lybrand), London
Hadfield J. A. (Arthur Young), Birmingham
Hadley D. L. (Stanley & Co), Birmingham
Haig E. D. (Price Waterhouse), Nottingham
Haizelden E. A. (Binder Hamlyn), London
Hall A. J. (Cooper Basden & Adamson), Manchester
Hall C. H. (Peat, Marwick, Mitchell & Co), London
Hall D. (A.Wood & Co), Stoke-on-Trent
Hall S. E. (Binder Hamlyn), Croydon
Halliday R. J. (Touche Ross & Co.), Cardiff
Ham N. P. (Grant Thornton), Oxford
Hamilton E. S. (Coopers & Lybrand), Norwich
Hamilton H. A. (Touche Ross & Co.), London
Hammett C. E. (Moore Stephens), London
Hammond D. W. (Cansdale & Co), Chesham, Bucks
Hancock K. J. (Abraham and Dobell), Southampton
Hancock L. (Pridie Brewster), London
Hancox J. L. O (Spicer and Pegler), Birmingham
Hanks J. M. (Hyam Lindford O'Sullivan), London
Hanson C. B. (Robson Rhodes), London
Harbord D. C. (Touche Ross & Co.), London
Harbord P. R. (Touche Ross & Co.), Birmingham
Hardy J. P. (Burlinson, Stewart & Co), Batley, W.Yorkshire
Harley K. L. (Peat, Marwick, Mitchell & Co), Southampton
Harper P. (Deloitte Haskins & Sells), Newport, Gwent
Harris A. Y. (Seymour, Taylor & Co), High Wycombe, Bucks
Harris P. W. (Ernst & Whinney), Exeter
Harris R. J. (Hartley Fowler), Brighton, E.Sussex
Harris S. C. (Wheawill & Sudworth), London
Harris S. M. (Deloitte Haskins & Sells), Gloucester
Harris S. M. (Hays Allan), London
Harrison A. J. (Barber, Harrison & Platt), Sheffield
Harrison J. S. (Fraser Keen), London
Harrison J. P. (Peat, Marwick, Mitchell & Co), London
Harrison L. (Casson Beckman), London
Hartley A. J. (Deloitte Haskins & Sells), London
Harvey C. L. (Peat, Marwick, Mitchell & Co), Stoke-on-Trent
Harvey G. (Ernst & Whinney), Newcastle upon Tyne
Harvey R. A. (Fordyce, Curry & Co), London
Harwood P. C. (Ernst & Whinney), Southampton
Hastewell S. M. (Deloitte Haskins & Sells), Leeds
Hawkins H. M. (Sheen Stickland), Chichester, W.Sussex
Hawkins J. G. (Coopers & Lybrand), Plymouth
Haworth A. J. (Pannell Kerr Forster), Manchester
Haworth I. T. (J.B. Lever & Co), Burnley, Lancs
Haydock L. C. (Coopers & Lybrand), Uxbridge, Middx
Haynes C. L. (Price Waterhouse), London
Hayward A. G. C. (Neville Russell), London
Head E. M. (Peat, Marwick, Mitchell & Co), Newcastle upon Tyne
Heald J. A. (Price Waterhouse), London
Hearn D. V. (Chater & Myhill), Cambridge
Heath J. E. (Price Waterhouse), London
Heaton C. C. S. (Robson Rhodes), Leeds
Helm D. P. (KMG Thomson McLintock), Manchester
Helm D. K. (Coopers & Lybrand), Uxbridge, Middx
Hemmings C. F. (Price Waterhouse), London
Hemsworth I. (Wheawill & Sudworth), Huddersfield
Henderson C. A. (Deloitte Haskins & Sells), Newcastle upon Tyne
Henderson G. (Price Waterhouse), London
Henderson I. S. (Deloitte Haskins & Sells), Southampton
Henderson S. J. B. (Arthur Andersen & Co), London
Henning J. A. (Price Waterhouse), Southampton
Henning M. W. (Coopers & Lybrand), Southampton
Henry J. M. (Peat, Marwick, Mitchell & Co), Preston
Henson P. R. (Peat, Marwick, Mitchell & Co), London
Hepper R. A. (Baker Rooke), London
Herniston J. J. A. (Peat Marwick Mitchell & Co), Ipswich
Hewitt R. M. (Finnie & Co.), London
Hewson E. R. F. (Ernst & Whinney), London
Hewson M. D. (Binder Hamlyn), Newcastle upon Tyne
Hicks M. L. (Deloitte Haskins & Sells), London
Hicks N. D. (Price Waterhouse), Manchester
Hinks T. M. (Robson Rhodes), London
Hiew C. T. (Clark, Brownscombe & Co), Hove, E.Sussex
Highfield N. S. (Binder Hamlyn), Sheffield
Hill A. M. (Coopers & Lybrand), Sheffield
Hill A. (Armitage & Norton), Halifax, W.Yorkshire
Hill D. C. (Arthur Young), Newcastle upon Tyne
Hill D. W. (Price Waterhouse), London
Hill N. T. C. (Price Waterhouse), London
Hill S. A. (Arthur Young), London
Himsworth C. P. (Arthur Young), London
Himsworth N. D. (Grant Thornton), Leeds
Hinde N. J. (Price Waterhouse), London
Hinson R. M. (Touche Ross & Co.), London
Hiscock D. J. (Ernst & Whinney), London
Hiscock N. T. (Binder Hamlyn), London
Hitch A. (Binder Hamlyn), Leeds
Ho D. A. (Peat, Marwick, Mitchell & Co), London
Hobbs M. J. (KMG Thomson McLintock), London
Hockings T. J. (Price Waterhouse), London
Hodges S. (Grant Thornton), Brighton, E.Sussex
Hodgson J. G. (Touche Ross & Co.), London
Hodgson P. B. (Coulson & Co), Scarborough, N.Yorkshire
Hoggard G. L. (Ernst & Whinney), Hull
Holford M. A. (Price Waterhouse), London
Holland M. H. (Coopers & Lybrand), Southampton
Holland R. P. (Russell Limebeer), Redhill
Holton A. C. (Arthur Young), London
Hopkinson P. (Deloitte Haskins & Sells), Cambridge
Horlick T. P. (Price Waterhouse), London
Horne N. J. (Arthur Young), Bristol
Horrocks R. M. (Peat, Marwick, Mitchell & Co), London
Horrocks R. A. (Ernst & Whinney), Southampton
Horry C. P. (Peat, Marwick, Mitchell & Co), Leeds
Houlton J. C. B. (Arthur Andersen & Co), London
House J. A. (Hays Allan), London
Howard A. J. (Arthur Young), Manchester
Howard S. M. (Peat, Marwick, Mitchell & Co), London
Howells J. (Grant Thornton), Milton Keynes
Howells T. B. (Price Waterhouse), London
Hudson D. B. (Binder Hamlyn), Manchester
Hughes A. M. (Grant Thornton), Bedford
Hughes D. S. (Orr, Shotliff), London
Humphreys R. G. (Deloitte Haskins & Sells), Nottingham
Humphreys S. E. (Morton Thornton), St. Albans, Herts
Humphries S. D. (Pomfret Rushton), Preston
Hunt K. (Pannell Kerr Forster), Birmingham
Hunt T. M. (Fraser Keen), Hertford
Hunter M. (Binder Hamlyn), London
Hurst G. M. (Coopers & Lybrand), Reading
Hutchinson D. A. (Price Waterhouse), London
Hutchinson G. S. (Spicer and Pegler), Nottingham
Hyman C. M. (Peat, Marwick, Mitchell & Co), London

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Isaacs P. (Price Waterhouse), Birmingham
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J

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Jackson P. M. (Grant Thornton), Corby, Northants
Jackson S. S. (Arthur Young), London
Jackson Z. C. J. (Pannell Kerr Forster), London
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Jenkinson S. P. (Hodgson Impey), Hull
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Jennings D. (Brooking, Knowles & Lawrence), Basingstoke, Hants
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Johnson P. R. (Coopers & Lybrand), Birmingham
Johnson R. A. (Arthur Young), London
Johnson S. (Pattersons), Ruislip, Middx
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Jones D. J. (Deloitte Haskins & Sells), Cardiff
Jones G. P. (Deloitte Haskins & Sells), Gloucester
Jones H. W. (Coopers & Lybrand), Cardiff
Jones I. M. L. (Coopers & Lybrand), Sheffield
Jones K. R. (Chater & Myhill), Cambridge
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Jones L. (Ernst & Whinney), Luton
Jones M. D. (Pannell Kerr Forster), London
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Joshi D. S. (Jeffreys Henry Rudolf & Marks), London
Josling N. J. (Deloitte Haskins & Sells), London
Jowett A. H. (Peat, Marwick, Mitchell & Co), London

K

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Kaye H. (Armitage & Norton), Huddersfield
Kean S. P. (Pannell Kerr Forster), London
Kearns T. A. (Robson Rhodes), Manchester
Keeble M. P. (Menzies Middleton Hawkins & Co), Walton-on-Thames, Surrey
Keffler D. P. (Arthur Young), Liverpool
Kelham E. A. (KMG Thomson McLintock), Leicester
Kelleher A. (Arthur Andersen & Co), London
Kelly T. M. (Ernst & Whinney), Luton
Kemp D. S. (Neville Russell), Dudley, W. Midlands
Kemp S. J. (Armitage & Norton), Preston
Kendrew S. M. (Barnett & Turner), Mansfield, Notts
Kenner S. H. (Spicer and Pegler), London
Kent P. F. (Shipley Blackburn), London
Kenyon L. P. (Price Waterhouse), London
Ker J. L. (Pannell Kerr Forster), London
Khan G. Q. (Simon Lewis Wayne), London
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Kirkpatrick T. (Price Waterhouse), London
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Kleppig R. P. (Dearden Farrow), London
Knaggs K. E. (Hodgson Impey), Hull
Knapton M. C. D. (Price Waterhouse), Leeds
Knowles R. A. (Carter, Chaloner & Kearns), Manchester

L

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Lai Y. Y. (Reads & Co.), Guernsey, Channel Islands
Laidlaw A. M. (Peat, Marwick, Mitchell & Co), London
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Lakhani P. (KMG Thomson McLintock), London
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Lambert W. J. (Ernst & Whinney), London
Lane I. D. (Deloitte Haskins & Sells), Newport, Gwent
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SECTION II – COMPANIES AND MARKETS
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US group's planned link with NEC and Bull seen as confirmation of the inevitable

# Honeywell gives way to computer market pressures

**Guy de Jonquieres in London** examines the background to a possible link-up by members of the 'Bunch' in the face of competition from IBM

HONEYWELL'S announcement that it was discussing proposals to combine its information systems business in a joint venture with NEC of Japan and Bull of France was greeted by many US industry experts as a confirmation of the inevitable.

The lack of surprise was only partly a result of the fact that rumours of such a move first surfaced on Wall Street about two weeks ago – though they were vigorously denied by Honeywell at the time.

Honeywell's own future in the computer business has been in question since the merger earlier this year between Burroughs and Sperry, two of its main rivals. That amalgamation was widely interpreted as only the first stage in a much wider industry restructuring to meet increasingly fierce market conditions.

The three companies, together with Control Data and NCR, are know as the "Bunch." Their common problems the difficulty of surviving in the mainframe computer business against the dominant position of IBM, which accounts for more than two thirds of sales of large machines.

Though sales of mainframes form a dwindling proportion of the total computer market, they are a vital element in all the companies' commercial strategies. Many major customers tend to design their data-processing systems around the specifications of the large machines, and if the manufacturers are to keep customers loyal, they must continue to update their mainframe ranges.

The soaring research and development costs have, however, become increasingly difficult for most of the non-IBM manufacturers to sustain, particularly as none of them has had much success in expanding mainframe sales beyond traditional customer bases.

Their difficulties have been compounded during the past 18 months by the severe weakness of the US computer market, expected to continue for some time. Even IBM has suffered a sharp drop in profits and has responded by more aggressive marketing of its mainframes and other products.

Honeywell, which staged a moderately strong recovery last year after taking action to overhaul its computer business, has suffered a profits reverse this year. It recently announced plans to lay off 4,000 of its 93,000 staff.

Burroughs hopes that, by taking over Sperry, it can acquire the economies of scale which will enable it to compete effectively against IBM. However, to succeed, Burroughs must achieve the difficult task of economising on development costs while continuing to support for some time to come two different and technically incompatible product ranges.

On this score, Honeywell starts out with an advantage. It has close links with Bull and NEC stretching back more than 20 years, and the architecture, or basic design, of many of the three companies' products is similar. This means software designed for one product can, with minor adaptation, be used on the others.

Until the early 1970s, Honeywell provided much of the equipment sold by NEC in Japan. But in the past few years, the relationship has been reversed: the largest computers sold by Honeywell and Bull are supplied by NEC, which also recently formed a joint venture with Honeywell to sell its latest "supercomputer" in the US.

Honeywell was also the largest shareholder in Bull until 1982, when the French company was nationalised. Honeywell still has a 2 per cent stake in Bull, and the two companies co-operate extensively on product development.

Against that, however, the idea of creating a joint venture spanning most of the world's major markets, under the direction of companies from the US, Western Europe and Japan is totally new to the computer industry. Some industry analysts believe it may prove difficult to put into effect.

"The people at Burroughs and Sperry share the same kind of industry background," says Mr Ulric Weil, a Washington-based industry consultant. "But the proposed Honeywell venture involves different languages, different cultures and different management approaches."

He, like some other industry analysts, believe that these disparities could slow down decision-making and complicate the task of agreeing on where to reduce capacity and shed labour. In the case of Bull, these decisions will almost certainly have to take into account the political sensitivities of the French Government.

If a link-up between the three companies is agreed, NEC is expected to emerge as the dominant partner in the supply of technology and new-product development, while the main contributions of Honeywell and Bull are likely to be in marketing and distribution.

But whether or not a deal is struck, it seems unlikely to be the last chapter in the re-organisation of the US industry. The competitive positions of NCR, one of the Bunch's healthier members, and of Control Data, which is struggling with major difficulties, seem certain to be the subject of renewed Wall Street attention.

## Opportunity to expand

FOR NEC, one of Japan's leading electronics companies with sales last year of Y2,335bn ($15.1bn), a deal with Honeywell and Bull could provide a valuable leg-up in world computer markets at a time when its profits are under severe pressure, writes **Guy de Jonquieres** in London.

The company, the world's biggest supplier of semiconductors and also a major supplier of telecommunications and consumer electronics equipment, has been pursuing an aggressive strategy of international expansion for several years.

NEC is a major force on the Japanese computer market, where it vies for leadership with Fujitsu and IBM. However, in contrast to its strong international position in microchips and telecommunications equipment, it has failed so far to make much impact on computer markets outside Japan.

The main reason has been its refusal to follow Fujitsu and Hitachi in making "plug-compatible" mainframe computers designed to use IBM software. Instead, NEC has stuck doggedly to its own technical specifications, which have much in common with those of Honeywell machines.

Fujitsu and Hitachi have relied extensively on foreign companies, including National Advanced Systems of the US, Siemens of West Germany and Olivetti of Italy to distribute and support their computers.

NEC

However, the limited size of the potential market for NEC's big computers has made it difficult for the company to reach similar arrangements, while the cost of setting up a large international sales and support network of its own would have been prohibitive.

## Moving closer to Gaullist ambition

THE POSSIBILITY that Bull could acquire a major stake in the information systems business of Honeywell has come to the surface at an important and intriguing turning point in the complex history of the French state-owned computer group, write **David Marsh and Paul Betts in Paris.**

Bull, which moved into profits last year after years of losses and tortuous restructuring, is the product of more than two decades of costly government support for the French computer industry.

President de Gaulle launched the drive for home-grown computers after the US in 1963 brutally exposed French weakness by refusing to deliver a Control Data machine needed for France's nuclear weapons programme.

Although the idea is only at a very preliminary stage, industry officials in Paris are talking of Bull acquiring about 40 per cent of the Honeywell computer business.

Bull

If the deal went through – Bull last night stressed that no negotiations had yet taken place – it would be ironic for two reasons.

It would fulfil the Gaullist ambition of developing a fully international competitive computer industry, albeit under very different conditions, with IBM in the driving seat worldwide, from those which the General might have liked.

A purchase by Bull of a stake in Honeywell's computer business would also require some tricky decision-making by the new right-wing French Government, committed to economic liberalism and a running down of the state hold over industry.

*Bull has achieved its turnround* over the last few years under a management duo of Mr Jacques Stern, the chairman, and Mr Francis Lorentz, managing director.

But its improvement to net profits of FFr 110m ($16.4m) last year – still a mark of extreme fragility by international standards – from losses of FFr 1.35bn in 1982 has been achieved only with the aid of nearly FFr 4bn of state capital injections since 1982.

Because Bull has clearly no funds of its own with which to finance any Honeywell stake, the Government would be called upon to put up the money. This poses a problem not only of principle but also of operational significance for Mr Alain Madelin, the liberal Industry Minister, who will be in charge of deliberations on the Bull/Honeywell dossier.

Bull, after all, is on the list of companies to be denationalised over the next five years because the Government wants it to be a source, not a further consumer, of state funds.

## Profitability 'possible'

HONEYWELL'S commitment to the business of making and designing computers has been in question within the industry at least since 1982, when Dr James Renier, the company's tough vice-chairman and at that time head of the control systems business, was sent in to reorganise Honeywell Information Systems (His), writes **Anatole Kaletsky** in New York.

"Honeywell has long been a packager of other peoples' computers and it is really better off getting out of computers and building up in aerospace and control," one computer specialist said when he heard last week of Honeywell's possible acquisition of the aerospace division of Burroughs-Sperry.

After years of rapid growth, largely by acquiring the computer operations of General Electric and Xerox, by 1980 Honeywell possessed the second-largest number of mainframe computer installations in the world.

But the profitability of Honeywell's information division was failing to keep up with the growth of its customer base – or with the higher returns on capital being made in the company's highly successful control, automation and defence businesses. By 1982, the profits of His collapsed.

The Honeywell board sent in Dr

Honeywell

Renier to impose an austere strategy on the computer divisions.

Dr Renier showed that the computer businesses profitability could be turned round quite quickly by striking joint-venture deals with NEC and Bull which laid the foundation for the present restructuring. By 1984 Honeywell's profits from computers had more than doubled to $179m and last year, it generated 34 per cent of the company's total operating profits of $579m.

# Norton Opax cleared for bid

By David Goodhart in London

NORTON OPAX, the acquisitive printing and packaging group, has been cleared by the UK's Monopolies and Mergers Commission to renew its contested bid for the significantly larger printing group McCorquodale.

It is expected to do so today and was last night arranging the underwriting for the new bid. One Norton Opax adviser said yesterday that a fresh bid was "likely but not certain."

Assuming the company does bid it will have to improve on its previous offer of 210p per McCorquodale share which valued the whole company at £110m ($158.4m). It is also likely to put a strict time limit on any new bid.

The Norton Opax management was surprised by the reference to the commission made on April 21 having, it believed, received a clear indication from the Office of Fair Trading that no reference would be made. In view of the time and expense involved, Norton Opax is unlikely to let a new bid run the full 60 days allowed.

McCorquodale in the year to September 30 recorded profits of £10.2m on turnover of £160.2m compared with Norton Opax's pre-tax profit of £5.17m on turnover of £72.1m to March 31 1986.

The commission's investigation centred on the market share of over 40 per cent that a merged company would have in the personalised cheque market. It concluded thet the immediate effect of a merger would be to reduce the number of suppliers from 11 to 10 but that there would still remain enough suppliers with spare capacity to enable banks to continue to diversify their sources of supply.

McCorquodale closed 13p up at 258p. Norton Opax was unchanged on 145p.

# INTERNATIONAL COMPANIES and FINANCE

## De Benedetti in bid for French publisher

BY DAVID HOUSEGO IN PARIS

MR CARLO DE BENEDETTI, the Italian industrialist, is seeking to extend his publishing interests in France with a takeover bid for Presses de la Cité, France's second largest publishing group.

Cerus, the holding company for Mr De Benedetti's interests in France, confirmed yesterday that Mr De Benedetti had acquired 13.8 per cent of the French publishing company's shares on the bourse on Tuesday and that he was seeking management control. A takeover bid involving other French partners is to be launched today.

Mr De Benedetti, who recently took management control of Valeo, the French vehicle components group, believes that Presses de la Cité could yield higher profits under tighter management and with additional financial resources.

Presses de la Cité, best known as a publisher of leisure books, thrillers and popular titles, made consolidated profits last year of FFr 140m ($21m) on a turnover of FFr 3.2bn. Some 90 per cent of the profits came from France-Loisirs, the subsidiary in which Bertelsmann, the German publisher, has just under 50 per cent of the shares.

Mr De Benedetti, who controls Olivetti, also owns Mondadori, the large Italian publishing house. Through Cerus and the French Groupe Worms, he has also been extending his interests in France in the food sector.

Trading in Presses de la Cité shares was suspended yesterday. Mr De Benedetti and his partners bought 115,000 shares at FFr 2420 as compared with a price of FFr 1980 in July.

Mr Claude Nielsen, group chairman, was reported as saying that he was interested in exploring a link with the Benedetti group. In the case of Valeo, Mr De Benedetti gained management control in acquiring only 20 per cent of the shares.

## Porsche warns of dollar impact

BY ANDREW FISHER IN FRANKFURT

PORSCHE, the West German maker of sleek, low-slung sports cars half of which are sold in the US, said yesterday that the sharp fall in the dollar had worsened trading conditions after a year in which sales had risen 12 per cent to DM 3.57bn ($1.7bn) and "satisfactory" profits had been made.

It will announce net profit figures later. In 1984-85, they rose 30 per cent to DM 120.4m. But the company has warned that the dollar's downturn would inhibit growth in D-Mark terms after several years of rapid sales and earnings expansion.

Through currency hedging and price rises, Porsche has sought to limit the effects of the dollar's slide. Analysts expect earnings for the financial year to July 31 1986 to be only down slightly, or flat, with the main difficulties occurring this year.

Porsche said falls in currencies of other important markets were also having an effect, though competitors were faced with the same problem. But, despite currency movements and their inhibiting influence on exports, turnover and unit sales had risen and capacity had been fully utilised.

Profits were "satisfactory" and a "suitable" dividend would be paid. The dividend for the previous year was DM 17.50 a share – an unchanged basic payout plus a DM 2.50 bonus – for ordinary shareholders and all members of the Porsche und Piech families, and DM 18.50 (including the same bonus) on the listed preference stock.

After the heady growth of the past few years, Porsche said it remained confident of meeting the challenges of 1986-87 with success. It cited the strength of the motor industry, its own model range, and its solid financial situation.

The company said it intended to continue investing heavily from its own funds to maintain competitiveness. Last year, capital spending totalled DM 262m, down from the previous year's DM 286m as a result of planning and construction delays.

Car sales topped the 50,000 mark last year, with an 8 per cent increase to 53,250, of which the share going to export markets rose from 75 to 79 per cent. The US share of total sales was 54 per cent against 50 per cent.

The company took on 540 more people to almost 8,500. Car output was 8 per cent higher at 53,625. Total export sales rose by 13 per cent

## Nedlloyd begins merger talks with Netherlines

BY OUR FINANCIAL STAFF

NEDLLOYD, the Dutch shipping and transport group, has started merger talks with Netherlines Holding, the airline that began operations in January 1985.

Netherlines has six 18-seat aircraft flying within the Netherlands and to Gatwick in the UK, Strasbourg and some West German destinations. It plans to purchase up to four 30-seat aircraft. Last October the company had a balance sheet total of Fl 85m ($36.9m).

Nedlloyd already has a minority stake in the charterer Martinair Holland and fully owns Dutch air carrier Transavia Holland. The current merger talks are aimed at obtaining a stronghold in the West European airline industry ahead of the liberalisation of West European routes, Nedlloyd said.

Earlier this year Nedlloyd reported lower 1985 profits

## BankAmerica drops plans for takeover

BY WILLIAM HALL IN NEW YORK

BANKAMERICA, the struggling West Coast US banking giant hit by heavy loan losses, has dropped plans to take over Orbanco Financial Services Corporation, a small bank in the state of Oregon.

Mr Sam Armacost, BankAmerica's chief executive, said yesterday that "BankAmerica has higher priority demands on its resources at the present time, and Orbanco would like to find a buyer for the Oregon bank sooner than mid-1987, which is when our purchase agreement was scheduled to expire."

BankAmerica announced plans to buy Orbanco for $58m in April 1985 as part of its move to strengthen its retail banking position on the West Coast, outside its main California market. The group already owns Seafirst Corporation which it rescued in 1983.

Mr Francis J. O'Connor, chief executive of Orbanco, described the parting with BankAmerica as "amicable" and said that the bank was still up for sale and the group's investment bankers had been asked to find another purchaser.

While the termination of the agreement to buy Orbanco is a small item, it is another sign of BankAmerica's efforts to slim down the size of its organisation. Because of its recent losses its capital ratios are weaker than most of its rivals and one way the group can strengthen its capital position is by reducing the size of its business relative to its existing capital base.

Over the last few weeks the group has confirmed plans not to proceed with a retail banking operation in Australia, the proposed sale of some of its Argentine branches, the closure of its Danish branch and the possible sale of its large and profitable Italian banking subsidiary.

BankAmerica officials stressed yesterday that the decision to drop the planned takeover of Orbanco Financial Services was not done at the behest of the regulators and was an independent decision. BankAmerica's shares were unchanged at $11¼ in early trading yesterday.

## US-French chips deal

BY DAVID THOMAS IN LONDON

NATIONAL Semiconductor, the California-based microchip manufacturer, and Thomson, the French state-owned electronics group, are to develop together the next generation of integrated circuits for telecommunications.

The two groups are to work on components for standardised digital communication on public networks, known as ISDN.

The two companies have also agreed to second source each other's telecommunications integrated circuits, so that customers of each company will be able to obtain identical components from the other.

This arrangement follows a more limited deal on second sourcing of components which the two companies already have.

Mr Ray Reed, telecommunications product director at National Semiconductor, said: "It made good business sense to pool our talent and engineering resources jointly to develop telecom products. ISDN is the key area for technology co-operation.

National Semiconductor said that telecommunications components were likely to be a fast-growing market, forming an increasing share of its business.

Earlier this year, Motorola of the US and Northern Telecom of Canada announced that they were carrying out joint research on ISDN chips.

# INTERNATIONAL CAPITAL MARKETS and COMPANIES

## Spanish railway launches $500m floating-rate note

BY ALEXANDER NICOLL

RENEWED CONFIDENCE in the US credit markets yesterday helped to unleash some of the borrowing demand which has been building up in the Eurodollar sector in its recent doldrums.

Six bonds totalling $1.27bn were issued, including a $500m floating rate note issue for Renfe, the Spanish national railway, guaranteed by the kingdom. Three of the fixed rate issues also represented sovereign risks and another was a supra-national. This underlined the market's caution and its likely preference for sovereign names in such uncertain market conditions.

Renfe's 12-year FRN, led by Salomon Brothers International, came on fairly aggressiva terms with an interest rate set at six-month London interbank bid rstes flat with no margin. It was priced above par at 100.1. Tha lead manager was bidding at discounts just less than the total fees.

Though the terms were seen as tight, Spain's credit rating has been improving recently as it has been repaying substantial amounts of debt. The latest deal is to refinance existing bank debt.

Prices of fixed-rate bonds fluctuated during the day, losing some of their initial gains but recovering later on a prediction from Salomon's Mr Henry Kaufman of further US discount rate cuts. This helped new deals which, partly due to their number, were meeting a mixed response in the market.

Tha largest new straight was Belgium at $250m. The five-year deal, led by Morgan Guaranty, was also seen as tight with a 7½ per cent coupon and a price of 100⅞. This gave a yield over US Treasuries at launch of 70 basis points, net of fees. As usual for Belgian issues, it is in registered, unlisted ferm with denominations ef $250,000. The deal was trading at discounts wider than its total fees.

Tha market was more welcoming to the Metropolis of Tokyo, which issued a $200m bond with the guarantee of Japan. Tha 10-year issue, lead

INTERNATIONAL BONDS

managed by Banque Paribas Capital Markets, was launched with a net spread of 66 basis points over Treasuries, based on a 8¼ per cent coupon and 101½ price. It was lead managed by Banque Paribas Capital Markets and was quoted at discounts equal to the fees.

A Hong Kong subsidiary of Sumitomo Trust and Banking made a $100m five-year issua with tha parent's guarantee, also et 66 basis points over US Treasuries. Led by Sumitomo Trust Internatienal, it had a coupon of 7¾ per cent end a price of 101⅜ and was also quoted et tha fees.

Nordic Investment Bank, which is gaining a reputation for making aggressively priced issues, met an unenthusiastic response for $150m of five year 7¾ per cent bonds carrying warrants to buy 10-year 7⅞ per cent bonds. Warburg Securities priced the issue at 101¼, and though the warrants appeared to be fairly popular, the bonds were quoted well outside the fees.

Late in the day, Finland made a $70m issue, brought by IBJ International, and clearly tailored fer and targeted t; Japanese investors, especially as it followed the fashion for high coupon issues seen recently in the yen market. The 10-year deal was priced at 104 with an 8⅞ per cent coupon.

In the French franc market, Sweden made a complex FFr 800m issue combining the stepped coupon with tha bull and bear formula. Led by Credit Commercial da France, the issue is divided into two equal tranches each of which have a 3½ per cent coupon for the first year and 8 per cent for the remaining four.

Redemption value of tha Swedish issue will depend on the difference between the French CAC stock market index now and in eoe year's time. Maximum redemption amount is 140 per cent and minimum 60 per cant in aach case. The bear bonds appeared more popular than tha bull tranche.

Another Swedish borrower, Skandinaviska Enskilda Banken, tapped the Danish kroner market with a DKr 300m five-year issue with e 10¼ per cent coupon and par pricing, led by Enskilde Securities. It traded at discounts equal to the total fees.

## $300m package for Credit National

By Peter Montagnon, Euromarkets Correspondent

CREDIT NATIONAL, the French state financing agency, yesterday unveiled its long-awaited $300m 10-year loan package in the Euromarkets.

The deal carries an annual facility fee of 4 basis points for the first five years rising to 5 points thereafter. It has been mandated to a group of four banks: Bank of America, Bank of Tokyo, Orion Royal and Societe Generale.

The terms are slightly less aggressive than many prospective lenders had feared. Credit National had been expected to seek a 4 basis point facility fee throughout the 10-year life of the deal.

The package provides for Credit National to raise funds in the form of dollar or Ecu Euronotes or short-term cash advances for which banks will bid through a tender panel.

Arrangements have been made for Credit National to appoint specialised dealers in its short-term paper at a later stage if it wants to. So far, however, Credit National has been one of the relatively few international borrowers to display a clear preference for the tender panel route.

This deal will replace a previous Ecu 160m tender panel arrangement under the agency of Banque Paribas.

Drawings on the accompanying standby credit will bear interest at the London interbank rate for Eurocurrency deposits (Libor) but there will also be a utilisation fee depending on how much is taken up.

An unusual feature here is that a fee of 2 basis points will apply on drawings np to 25 per cent of the total, though only in the case of non-dollar currencies, which involve higher funding costs for participating banks. Dollar drawings up to 25 per cent will carry no fee.

Thereafter a uniform fee structure applies with a 5 basis point utilisation fee applied on drawings up to 60 per cent and a 10 basis point fee on drawings of larger amounts.

● Toyo Trust and Banking Company has become the latest Japanese institution to establish a certificate of deposit programme in the Euromarkets. It has appointed Chase Manhattan, Citicorp, Morgan Stanley, Salomon Brothers and Shearson Lehman to act as dealers in a $1bn programme.

The programme follows a succession of similar arrangements by Japanese trust banks seeking te diversify the investar demand for their certificates of deposit and improve the rates obtained.

## Malaysia tries to win back foreign investors

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Cabinet yesterday approved a substantial package of incentives for foreign investors in an effort to revive the investment climate of the country which has been beset by a host of political and economic problems and bureaucratic bottlenecks in recent years.

Dr Mahathir Mohamad, the Prime Minister, who described the measures as "a radical departure of the new economic policy," will announce details of the incentives when he addresses a meeting of American businessmen in New York next Tuesday.

The incentives are believed to include increasing the tax-free holiday period for new investments from 5 to 10 years, further liberalising the foreign equity rules, dismantling cumbersome requirement of the Industrial Coordination Act, and cutting down red tape, particularly on manufacturing approvals. These used to take six months to two years, and the intention is to decide on such approvals within a month.

The fact that the Cabinet approved the investment package so soon after last week's fiery annual meeting of the ruling United Malays National Organisation, at which delegates voted to extend the controversial new economic policy beyond its expiry date in 1990, reflects the pragmatism of the Malaysian Government, which is well aware that it had little room to manoeuvre in these recessionary times.

Dr Mahathir said although the new incentives represented a sharp departure from the NEP, they were intended to create wealth. He pointed out that without economic growth, the redistribution of wealth in favour of the Malaysians under the NEP could not be achieved.

Under the NEP, foreign equity is limited to 30 per cent. Last year, the Government relaxed this requirement to allow foreigners to hold 100 per cent equity if their ventures export more than 80 per cent of their products, and 51 per cent equity if they export more than 50 per cent.

According to officials of the Malaysian Industrial Development Authority (Mida) there has been a good number of overseas inquiries about setting up plants in Malaysia, but little actual investments.

Foreign companies already in Malaysia say, apart from the incentives, Malaysia has to pay serious attention to two areas — high wages and infrastructure costs, particularly electricity and water — which are making the country less attractive than its neighbours.

The fifth Malaysia Plan (1986-1990) is projecting a 5 per cent annual growth for the country, based on an annual increase of 7 per cent in private investments, the main engine of economic growth. Between 1981-1985, private investments grew by an average of 1.8 per cent, well below the Government's target of 10.7 per cent.

So far, three major foreign companies Nestle, Rothmans of Pall Mall, and Imperial Chemical Industries—have won Government approval to retain their equity above 50 per cent, as part of their equity restructuring.

### NORTH AMERICAN NEWS

## Denver group to take $75m charge

PUBLIC SERVICE Company of Colorado, the Denver-based utility, is to take a charge of $75m to $100m against third quarter results to write down the value of its Fort St Vrain nuclear generating station.

The company also declared a regular quarterly dividend of 50 cents per share on common stock, payable November 1 to holders of record on October 10, as well as regular quarterly dividends on all cumulative preferred issues. There had been speculation that the common dividend would be cut, Reuter reports from Denver.

The company said it would study "numerous alternatives" on the future of Fort St Vrain, and dividend policy would depend in part on the outcome.

The company said its board had approved a tentative settlement agreement to end litigation involving Fort St Vrain with the Colorado office of Consumer Counsel and the Concerned Citizens Congress of north-east Denver, plus a number of individuals. Details were not disclosed.

● Allied Stores said its board decided that the offer, by a subsidiary of Campeau, the Canadian property group, to purchase shares of Allied common was not in the best interests of Allied Stores or its shareholders.

Allied recommends to its shareholders that they do not tender their shares to the Campeau offer.

Earlier this month, Campeau began a $58-a-share tender offer for 64 per cent of Allied stock.

● Los Angeles investor David H. Murdock said in a filing to the US Securities and Exchange Commission (SEC) that he planned to boost his stake in Kaiser Cement to as much as 30 per cent of the common shares outstanding.

Murdock said in a filing that he agreed yesterday to purchase 599,200 Kaiser Cement common shares from Goldman Sachs at $17.075 a share.

The purchase is subject to the expiration of the required waiting period under the Hart-Scott-Rodino antitrust act.

When Murdoch buys the additional shares from Goldman Sachs, he will own 1,624,400 Kaiser Cement common shares, or 22.1 per cent of the total outstanding.

● Caterpillar said it revised downward its profit outlook for 1986. The company said it now appears a loss will be incurred in the third quarter, compared with net profit in the year-ago period.

In an earlier outlook statement released in mid-July, the company said profit in the second half of the year would be lower than in the first half because of lower sales volume, a reduction in Lifo inventory benefits, a decline in currency exchange gains and higher labour costs.

In the 1985 third quarter, it reported earnings of $131m or $1.33 a share on sales of $1.8bn.

● Trans World Airlines (TWA) said it expected a third quarter pretax operating profit of about $100m and pre-tax net profit of about $70m, and it expects a "substantial" pretax fourth quarter profit.

The company said the fourth quarter profit would be the largest in its history, following a previous record in 1986.

TWA also said it was developing a telemarketing company and a cable travel network but did not give details.

TWA had an operating profit of $51.1m but a pre-tax loss of $13.8m in the third quarter last year. The loss included a $42.9m charge for the termination of a proposed merger with Texas Air Corp.

In last year's fourth quarter, TWA had an operating loss of $91.5m and a pre-tax loss of $126.7m, which included a $500,000 extraordinary gain.

## SecPac sells mortgage operation

FLEET FINANCIAL, the fast growing Rhode Island banking group, has agreed tn take ovar Security Pacific's mortgage banking operation in a move which will make it the third biggest mortgage banking firm in the US.

Mr J. Terrence Murray, Fleet Financial's chairman, said that the purchase will increase Fleet's $14.5bn mortgage servicing portfolio by $2.5bn to $17bn. Fleet will purchase Security Pacific's assets and servicing portfolio for an undisclosed cash sum

Security Pacific Mortgage Corporation is based in Denver, Colorado, and services $2.5bn of residential mortgages and provides master servicing for an additinnal $1bn of mortgages nnder its builder bond programme. It has 17 offices in Colorade, Texas, Arizona, California, Oregon, Washington, Alaska, Hawaii and Minnesota.

Flaet Financial has 80 mortgaga banking offices and the acquisition of Security Pacific's mortgage banking business will give it a presence in the large markets of tha western US. Fleet Financial has been expanding rapidly in the mortgage banking business at a time when some of the country's biggest banks have been withdrawing

## FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on September 24

| US DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

* No information available—previous day's price.
† Only one market maker supplied a price.

[illegible]



## Credito Italiano profits soar

By Alan Friedman in Milan

CREDITO ITALIANO, Italy's fourth largest bank in terms of total assets, yesterday reported a 47.5 per cent jump in net profits for the first half of this year, to L47.2bn ($33.5m).

The bank, which is controlled by the IRI state holding group, made a L89bn net profit for the whole of last year.

The gross operating profit in the first half of 1986 was 81 per cent higher at L297bn. But the net profit level was struck after deducting L249.6bn for provisions and transfers to reserves. The provisions in the same period of 1985 totalled L131.6bn. Italian banks do not break out bad debt provisions in terms of general or specific provisions as is the custom in the UK.

Credito Italiano, which has a staff of 16,751, has 472 branches in Italy plus five overseas branches and 12 foreign representative offices.

## Wagons-Lits sees gain

By Tim Dickson in Brussels

WAGONS-LITS, the Belgian company best known for its up-market sleeper cars, says that net profits for 1986 should reach BFr 800m ($18.8m), compared with BFr 650m in 1985.

Turnover for the first six months ended June rose to BFr 52.8bn from BFr 49.5bn. The company said the railway division's turnover was roughly the same as the equivalent period last year

## MRT privatisation

SINGAPORE has taken a further step towards eventual privatisation of its government-owned Mass Rapid Transit Corporation, writes Our Financial Staff. It has appointed Singapore International Merchant Bankers, a 49 per cent owned associate of Schroders, to advise on the privatisation process once the MRT, now under construction, becomes operational at the end of next year.

## AIBD BOND INDICES
WEEKLY EUROBOND GUIDE SEPTEMBER 19 1986

| | Redemption Yield | Change on Week % | 12 Months High | 12 Months Low |
|---|---|---|---|---|
| US Dollar | 8.946 | 0.056 | 10.830 | 8.738 |
| Australian Dollar | 14.390 | 0.153 | 14.630 | 12.830 |
| Canadian Dollar | 10.567 | 0.495 | 11.820 | 10.373 |
| Euroguilder | 5.913 | −0.203 | 6.400 | 5.913 |
| Euro Currency Unit | 8.563 | 1.445 | 9.524 | 8.164 |
| Yen | 6.381 | 0.236 | 7.250 | 6.207 |
| Sterling | 11.122 | 3.993 | 11.932 | 9.751 |
| Deutschemark | 6.427 | 0.847 | 7.210 | 6.318 |

Bank J. Vontobel & Co Ltd, Zurich - Telex: 812744 JVZ CH



# Sharp rise in earnings and sales at Hopewell

By Our Hong Kong Correspondent

HOPEWELL HOLDINGS, a Hong Kong property group with substantial commitments inside mainland China, yesterday reported a pre-tax profit for the year ending June 30 of HK$126m (US$16.1m), up 24 per cent on the HK$101m of 1984-85. The increase was based on an 84 per cent jump in turnover, from HK$862m to HK$1.22bn.

The group also revealed details of a rights issue intended to raise HK$1.3bn. This would eliminate a substantial proportion of group debt, which stood at about HK$960m at the end of the financial year, and will fund capital projects in the coming two years.

Hopewell is offering five participating preferred shares, plus two warrants, for every four shares held, at a price of HK$1.60 per share. Directors of the company, who control 48 per cent of the issued share capital, have made commitments to take up their rights in full, while the remaining 52 per cent has been underwritten by Citicorp International.

This fundraising effort follows the arrangement of a HK$3.3bn loan earlier this year for a thermal power station at Shajiao in China. It will boost the group's net asset value from HK$1.87bn to HK$3.04bn.

Mr Gordon Wu, the bluff chairman of Hopewell, is among a small group of Hong Kong entrepreneurs who four years ago committed themselves to major development projects inside China.

In a rare interview last year, he commented: "I expect to keep on building in China until the day I die. I've found I like socialism with Chinese characteristics. What I particularly like is the Chinese characteristics—an enthusiasm about profits and results."

One of these projects—the five-star China Hotel in Guangzhou (Canton)—has proved to be one of a tiny minority of projects inside China that have generated handsome profits for its shareholders.

Other projects have either been delayed or have provided Hopewell with more than its share of headaches.

Plans for a $8bn superhighway sweeping around the Pearl river delta linking Shenzhen, the special economic zone on Hong Kong's border, with Canton and then on to Zhuhai, the zone adjacent to the Portuguese-administered territory of Macao, have been delayed because of questions over how earnings can be generated to pay for the project.

A HK$48bn thermal power station at Shajiao on the road between Canton and Hong Kong in power-starved Guangdong is nearing completion and is likely to generate a steady stream of profits once it is commissioned in 1988. But at present, this project, in which Hopewell has a 50 per cent interest, represents a substantial commitment for a group capitalised at less than HK$1bn.

Hopewell has been on most stockbrokers' "avoid" lists for the past year, partly because many think its liabilities are too substantial for a company of its size, partly because of wariness over the fate of projects inside China and partly because he is about to commit fresh funds to hotel building in Hong Kong.

Mr Wu, an engineering graduate from Princeton University in the US brushes off such scepticism. "I'm used to sceptics," he noted: "There is no doubt that I'm going to finish these projects. I know where the hell I'm going, and the costs are calculated and containable."

For shareholders who have stayed loyal to his vision over the past year, Mr Wu is offering a cash bonus of 5 cents in addition to a final dividend of 4 cents.

# Last try at Wah Kwong Shipping reconstruction

BY DAVID DODWELL IN HONG KONG

WAH KWONG SHIPPING, the Hong Kong ship owner, that has floundered since January with debts close to US$850m, has called a meeting of its Japanese creditors today for what may prove to be a last-ditch attempt at salvage a corporate reconstruction plan.

Efforts to rescue the group, which is Hong Kong's third largest ship-owner with 65 vessels, have been put in jeopardy by moves by a major creditor—Chase Manhattan Bank—to arrest vessels held as security. It is also threatened by major delays by a large group of Wah Kwong's Japanese creditors account for about 40 per cent of Wah Kwong's total debt.

In a statement issued yesterday, advisers to Wah Kwong said: "While the group remains hopeful of the execution by all of its creditors of tha debt restructuring agreement, it has become clear over the past three weeks that the prompt execution by Japanese creditors may be the key to success of the group's restructuring efforts."

Since August 28, when an interim agreement between the group's 46 creditors expired, Wah Kwong has been operating without any income. The group has talked of this week as "a make or break week" concerning rescue efforts.

Mr Frank Chao, Wah Kwong's founder chairman, will address Japanese creditors in Tokyo, along with members of the advisory committee of bank creditors. The Bank of Tokyo and Sumitomo Bank remain about the only major Japanese creditors that have yet signed in support of the plan.

In a clear effort to exert pressure on Japanese creditors, Mr Chao is expected to remind them that Wah Kwong has in recent years ordered over 100 vessels from Japanese shipyards. The statement yesterday said the meeting was "in recognition of the historical importance to the success of Wah Kwong of this major group of creditors—and of its importance to the viability of the restructuring."

Most Japanese creditors are understood to have given verbal support for the plan, but seem reluctant to make formal and binding commitments until they are sure others will move in the same way. Most Japanese creditors are poorly secured or totally unsecured, and a collapse of the rescue plan would leave them with virtually nothing.

Wah Kwong is one of two leading Hong Kong shipowning groups to find itself in difficulties. C. H. Tung, which has a fleet of more than 110 vessels, collapsed late last year with debts of more than US$2.6bn outstanding to more than 100 creditors. An attempt to rescue C. H. Tung is also underway.

# Genting suffers marginal fall in first-half profits

BY WONG SULONG IN KUALA LUMPUR

GENTING, the Malaysian casino, plantation and property group, has reported a 3.2 per cent decline in pre-tax profits to 94.3m ringgit (US$36.2m) for six months to June blaming the Malaysian economic recession. It is the first profit fall for the group in more than 10 years.

Turnover was 7.5 per cent lower at 197m ringgit. However, because of lower taxation and minorities, net profits were marginally higher at 57.4m ringgit and Genting is maintaining a 9 per cent interim dividend, absorbing 12.44m ringgit.

The company's publicly listed plantation subsidiary, Asiatic Development, reported a sharp fall in pre-tax profit of 44 per cent to 4.67m ringgit for the six months.

Like most Malaysian plantation companies, Asiatic was badly affected by the drastic fall in the price of palm oil. Net profit after tax was 2.49m ringgit compared with 4.63m ringgit previously and the interim dividend is cut to 2 per cent, from 2.5 per cent.

● *The weakness in tin prices* following the collapse of the International Tin Agreement has resulted in Tronoh Mines Malaysia suffering a group loss of 43,000 ringgit (£11,027 or $7,700) in the half-year to June 30 compared with a profit of 2.13m ringgit in the same period of last year. No interim dividend is being paid.

Sales of tin concentrates in the latest period dropped to 131,000 kg from 181,000 kg and the average price received fell to 12.77 ringitt per kg from 20.54 ringgit.

# Setback for Toyota Motor

By Yoko Shibata in Tokyo

TOYOTA MOTOR, Japan's largest manufacturer of cars, suffered a 15 per cent fall in consolidated net profits to Y345.53bn ($2.23bn) in the year to June 30 1986.

Pre-tax profits were down 22 per cent to Y646.17bn, and turnover was Y6,646.24bn down 2 per cent from the previous year. Net profits per share fell to Y129.61, from Y159.82.

The profit decline is the first since 1982 when the company was formed through the merger of Toyota Motor and Toyota Sales.

Consolidated results cover Toyota Motor's five domestic and 11 overseas subsidiaries as well as 10 affiliates.

The company said there would be a further drop in consolidated pre-tax profits in the current business year, on sales of some Y6,200bn, if the strength of the yen continued.

# UK COMPANY NEWS

### MOVE UP-MARKET LEADS TO BIG PROFIT RECOVERY

## Barratt ahead of forecast with £25m

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

Barratt Developments, one of the UK's top three housebuilders, has recovered sharply with pre-tax profits for the year ended June 30, 1986, up from £4.1m to £25.4m.

The increased profit—up on a £20m forecast — has been achieved on a turnover down from £538.4m in 1985 to £444.3m.

The shares rose sharply yesterday to close 12p higher at 158p.

The company's debt has been cut from £59m to £8.5m. The final dividend has been increased to 5.81p, making a total of 8.12p (7.62p) a 6.6 per cent rise. Earnings per share rose from 0.7p to 9.9p.

The turnround—from a company that last year saw its profits plunge from £35.6m to £4.1m—has been achieved by moving the company up-market in its core business of housebuilding in the UK.

The company has concentrated on larger homes for second-time buyers with more money to spend rather than on the starter-home business which first fuelled its growth.

The number of houses Barratt built has fallen from 13,700 in 1984 to 10,300 last year and to 8,100 in 1986; the proportion of homes built for first-time buyers has fallen from 70 per cent in 1983 to 45 per cent in 1986 and is on target to fall to 30 per cent by the end of the year.

"But our UK housing business is still in a transitional stage," said Sir Lawrie Barratt, chairman.

"We have not yet completed the introduction of ur Premier Collection aimed at second-time buyers and will not see the full benefit until the current and following year."

Barratt's Premier Collection, a range of houses designed to offer more space and more luxurious finishes (the name is entirely coincidental with the fact that Prime Minister Mrs Margaret Thatcher has bought one of the most expensive for her home in Dulwich) accounted for only 40 per cent of houses sold to June 1986, but will account for 96 per cent of Barratt's homes by the end of the current year.

Sales in the south-east now account for 25 per cent of the houses sold and 40 per cent of the UK housing turnover, largely as a result of the higher price of land in the south, where plots outside London cost between £300,000 and £500,000 an acre.

"The average price of a Barratt home countrywide is £38,000 but the average for a house in the south-east is £50,000," said Sir Lawrie.

Barratt's chairman now feels that the housing market in south-east England is in danger of becoming over-heated and has no plans to expand his output in the area further.

The group's performance has also been helped by increasing the profitability and cutting the debt of its US housing operation.

US housing completions have been cut from 1,750 to 1,215—the level which Sir Lawrie now hopes to sustain—and debt has been reduced from £50m to £1m.

"Our objective in the US is now to increase profitability on reduced turnover," he said. "We have already achieved a US profit of £2m this year compared to a loss of £3m the previous year."

See Lex

Sir Lawrie Barratt, the chairman

## Brent Chemicals goes on bid trail after £12m rights issue

BY ALICE RAWSTHORN

Brent Chemicals International, the industrial chemicals producer, is asking investors for £12.1m through a one for four rights issue in order to fund acquisitions.

Brent yesterday announced a 23 per cent increase in pre-tax profits to £3.2m for the first half of 1986.

The company has already identified its first two acquisition targets. It proposes to purchase Joachim Dyes, a privately owned West German producer of dyes for the packaging industry, for DM 5.5m (£1.8m) and is also negotiating the acquisition of a French company, in a similar field, for around £2.5m.

Future acquisitions will concentrate on Brent's core markets of the UK, US and West Germany and in the areas of special adhesives and sealants, chemicals for printed circuit boards and oilfield chemicals. Brent expects to snap up bargains in the oil sector while the oil price is low.

"We have a very clearly defined acquisition policy in terms of national markets and product areas," said Mr Steve Cuthbert, the chief executive. "Joachim Dyes will give us a foothold in the West German packaging industry, offering the opportunity for us to sell our UK technology into that market and our West German technology in the UK."

In the rights issue Brent will release 10.46m new ordinary shares for 120p a share. The company's share price fell by 7p to 139p on the announcement yesterday.

In the six months to June 30 Brent's turnover rose by 8 per cent to £27.89m (£25.93m). Most of the growth came from recent acquisitions rather than from organic development. But improved margins fuelled a faster increase in pre-tax profits, where organic growth accounted for half the rise of 23 per cent. Earnings per share increased to 4.9p (4.2p) and the board proposes to pay an interim dividend of 1.0p.

The food and packaging division emerged as the best performer. Ardrox fared well in the US but was held back by the UK subsidiary's exposure to Middle Eastern exports, which suffered from the fall in the oil price.

Given that the remaining proceeds of the rights issue will eradicate borrowings—gearing now stands at 40 per cent—cash surplus of £4m and analysts have upgraded profit forecasts for the full year to between £7.1m and £7.6m.

### DIVIDENDS ANNOUNCED

| | | | | | |
|---|---|---|---|---|---|
| Assoc Book ...int | †2.25 | Oct 30 | 2.1 | — | 5.6 |
| Bank of Scotland ...int | 6 | Nov 6 | 5.5 | — | 14 |
| Charles Barker ...int | 1 | Oct 31 | — | — | — |
| Barratt Dev | 5.81 | Nov 20 | 5.31 | 8.12 | 7.62 |
| Beauford Group ...int | 1 | Nov 27 | 0.83* | — | 2.83* |
| Betec ...int | †0.65 | Nov 14 | 0.5 | — | 1.8 |
| Brent Chemicals ...int | 1 | — | 0.85 | — | 4.2 |
| Cakebread Robey ...int | 0.8 | — | 0.8 | — | 3.3 |
| Carborundum ...int | §**2.6 | Nov 28 | 1.4 | — | 6.4 |
| Coats Viyella ...int | †4.5 | Jan 2 | 4 | — | 12 |
| Connells Estate ...int | †2 | — | 1 | — | 4.2 |
| Edmond Hidgs ...int | 0.15 | — | nil | — | 0.2 |
| Harvey & Thompson | 4.25 | — | 2.5 | 6 | 4 |
| Juliana's Hidgs ...int | §0.75 | Nov 27 | 1.25 | — | 3 |
| Land Investors | 0.9 | — | 0.9 | 1.2 | 1.2 |
| Logica | 1 | — | 0.35 | 1 | 0.35 |
| McLaughlin Harvey int | ‡2 | Nov 7 | 2 | — | 7 |
| Moss Bros ...int | 1.85 | Nov 10 | 1.72 | — | 5.75 |
| Norish ...int | ‡3 | Oct 31 | — | — | — |
| RAMCO Oil ...int | †nil | — | 0.25 | — | 0.7 |
| Trafford Park ...int | 8 | Nov 27 | 7.75 | 12 | 11.5 |
| James Wilkes ...int | 3 | — | 3 | — | 6.75 |
| Wold ...int | †0.75 | Nov 28 | 0.75 | — | 0.75 |

Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ‖ Gross throughout. ¶ Irish pence throughout. ** Increase to reduce disparity.

## Petranol US acquisition and £6m cash call

BY RICHARD TOMKINS

Petranol, the small UK oil company which has its production base in the US, yesterday said it had agreed to buy Apollo Energy, a private oil and gas company operating in Texas and New Mexico, and announced a one-for-one rights issue to raise £6m net.

Apollo is to be bought for 2.6m shares and $229,000 (£158,000) in cash. At Petranol's closing price of 32p yesterday, down 8p, the value on the deal is £989,000.

The one-for-one rights issue is at 25p a share and is underwritten by Barings, the merchant bank. Of the £6m to be raised, about £5m will be used to repay Apollo's outstanding debt and the rest will be used for working capital. The rights issue is conditional upon the acquisition going through.

Petranol said Apollo had pursued a strategy of acquiring producing properties within a 100-mile radius of its headquarters in Hobbs, New Mexico, and operating them at low cost. Its assets were in proven producing areas, generally at shallow levels, and offered substantial potential for further low-risk development.

Until now, Apollo had been financed by internal funds and bank borrowings and the merger with a stronger group would give it greater flexibility to develop its assets and acquire more properties, Petranol said.

The effect of the acquisition on Petranol will be to increase its proven producing reserves by 73 per cent, about 70 per cent of which will be oil and 30 per cent gas. Petranol said it planned to invest some $1.25m in developing Apollo's assets over the next year and that this should substantially increase attributable production.

Dr Norman White, Petranol's chairman, said: "This is an important step for Petranol in its strategy of building an asset base with the potential for longer-term exploitation."

Earlier this month, Petranol reported a sharp fall in pre-tax profits for the half-year to June from £2.31m to £6,148. However, Dr White remarked that the figures were "satisfactory given the lower oil and gas prices and adverse exchange rate movements."

## Hill Samuel in £6m purchase

Hill Samuel Group, through its wholly owned subsidiary Lambert Brothers, has acquired the Escombe Group for £6.3m from the Peninsular and Oriental Steam Navigation Co.

Escombe provides a fully integrated UK ship agency and freight handling service. It serves all parts of the UK from the Shetlands to the south west of England through its offices at 27 ports. The company operates as the UK agent to a significant number of worldwide shipping lines and provides port agency and ancilliary services for many other shipowners.

It is intended to merge the businesses of Escomb with those of Lambert Brothers Ship Agencies.

## Further expansion in US by Redland

By Joan Gray, Construction Correspondent

ONE OF Britain's largest materials companies, Redland, has increased its expansion in the US with a £24m ($35m) joint venture with Pittsburgh-based construction materials company Koppers.

Redland's £24m will buy it a 50 per cent shareholding in a new jointly owned company, Western-Mobile.

This will acquire the operations of the independently owned MPM, an aggregate company operating in Colorado and New Mexico, and former Koppers' subsidiary Western Paving, which supplies construction aggregates in Colorado, Kansas, and Wyoming, and is also a road surfacing contractor.

"The acquisition will give quarries, gravel pits, and ready mix plants to form a complete back-up road surfacing operation," said Mr Robert Napier, Redland's financial director.

The company chose MPM and Western Paving because "the key to an aggregate business is the ownership of resources close to a market, because stone, sand and gravel are hard to transport," he added.

Western-Mobile will give Redland a new subsidiary with three stone quarries and 19 sand and gravel pits, with combined aggregate reserves of 200m tons.

The new business is centred in Colorado, a growth state where highway expenditure of more than $500m in 1985 is due to increase substantially this year.

Redland chose to go into partnership with Koppers as an experienced US quarrying company whose Western Paving subsidiary has been consistently profitable.

A downturn in the combined profits of MPM and Western Paving from $17.6m in 1985 to $15.3m in the year ending June 1986 was due to the comparatively poor performance of MPM, said Mr Napier.

"Koppers management of Western Paving is now going to be the management of the Western-Mobile joint venture so we are confident there is scope for improving the performance of MPM, where we will be able to cut back the loss-making operations."

Redland's Western-Mobile venture follows an earlier move into aggregates in the US with its purchase of an 80 per cent stake in the Texas quarrying business now known as Redland-Worth for $72m in 1985.

Profits from the Texas quarries have risen from $6m a year to "more than tripla that in the current year," said Mr Napier.

"Now we know how to invest in aggregates in the US we will be looking for further possibilities, wherever there are good reserves near to a buoyant market."

## Coats Viyella rises 11% after £15m reorganisation costs

BY ANTHONY MORETON

THE FULL effects of last February's merger between Vantona Viyella and Coats Patons can be seen from the first interim results from the combined Coats Viyella announced yesterday.

Although pre-tax profits rose 11 per cent from £58.3m (for the two separate companies) in the first half of 1985 to £65m for the combined group in the same months of this year, the company also had to take into account reorganisation costs of £14.8m.

On top of this, the results were depressed by adverse currency movements, which cost the group £3.8m.

Most of the reorganisation costs have now been apportioned. Mr David Alliance, chief executive, said in London yesterday "there will be some further charges in the second half of the year but they will be very small."

What is hanging over the company, though, is the action by Dawson International to recover over £6m incurred in its bid for Coats Patons which directly led to the Coats Viyella merger.

Coats Patons abandoned Dawson after agreeing to the bid and opted for a merger with Vantona Viyella, leaving an aggrieved Dawson to pursue a claim through the courts. This claim is still being discussed by the two sides' lawyers.

The currency movements also helped to depress the external turnover of the group, which dropped slightly from £931.1m in 1985 to £927.3m this year.

However, Coats Viyella has produced its figures not merely on a straight-comparison basis but also taking the currency movements into account and on this basis the notional turnover would have been 2 per cent higher at £947.6m. Mr Alliance forecast that turnover for the year should be slightly up on 1985's £1.895bn.

Most of the sectors have been showing good advances on 1985 but the group total has been held back by a slowing down in demand around the world for hand-knitting yarns, a cold spring in Britain which held back demand for garments and a reorganisation in the carpets division.

Early indications are that sales of clothes in the UK picked up in the summer, but that hand-knitting and carpets will show little improvement this year.

Mr Alliance pointed out, though, that investment in 1986 would be running at the rate of £90m a year compared with £50m last year, earnings per share had increased from 14.2p to 16p and that net gearing was still only 20 per cent of shareholders funds. Last year, before the merger, it had been 14 per cent.

Much of the success of Coats depends on Marks and Spencer, which accounts for some £200m of turnover. With Marks boosting its ratio of sales income to space, Coats, as the second largest supplier after Courtaulds, is in a particularly good position to take advantage of the upturn in High Street shopping.

"The merger has created the most broadly-based textile group in the world," Mr Alliance claimed.

An interim dividend of 4.5p (4p) is to be paid.

Coats shares moved up 2p yesterday to close at 490p.

See Lex

## Carroll's stake in Manchester Ship now 5.3%

By Charles Batchelor

Carroll Group, the privately-owned investment and property company, has increased its stake in the Manchester Ship Canal Company (MSCC) from 3.8 to 5.3 per cent. Carroll is backing MSCC against a hostile £37m takeover bid from Highams, a private textile company.

Highams has 55 per cent of the MSCC's shares, but the tapered voting structure, giving proportionately more votes to small shareholders, means it has only 38 per cent of the votes.

It has said, however, that it will split up its holding into smaller parcels if this is required to gain voting control.

The bid is currently in a state of limbo. The Takeover Panel ruled earlier this month that the Higham's document, setting a closing date of September 22, was invalid but no alternative date has yet been set.

Carroll is keen to acquire more MSCC shares, but Mr Anthony Clarke, finance director, said it was not his company's intention to make a bid for MSCC should the Higham's offer fail.

Carroll saw its holding in MSCC as "e long-term investment in a strong company," he edded.

## Glen steps up its stake in IFICO

By Charles Batchelor

Glen International, the investment company headed by Mr Terry Marsden Ramsden, has increased its stake in Industrial Finance and Investment Corporation (IFICO) from 10.58 to 18.82 per cent.

Mr Ramsden said: "We are currently the largest single shareholder in IFICO and our policy has always been to make the most of our shareholder position."

Glen first announced on August 22 that it had bought a 10.58 per cent stake in IFICO.

News of the increased Glen holding came one day before IFICO shareholders will be asked to approve a capital restructuring which could lead to control of the company passing to Unity Corporation, the Australian investment group headed by Mr Garry Carter.

Shares of IFICO have been suspended since July at 89p after the board said it expected to make a loss in the year ended June and fresh finance was needed.

In the event IFICO announced its pre-tax profits were halved from £1.05m to £528,000.

COUNTRY AND New Town Properties has acquired 39.6 per cent of Bay Financial Corporation, e US property company quoted on the New York Stock Exchange. Consideratien payable is $47m (£32.4m) cash.

## Ryman finalises plans and heads for USM flotation

BY ALICE RAWSTHORN

Ryman, tha office equipment and stationery company, has finalised plans for its flotation en the Unlisted Securities Market early next month.

The company plans to join the USM on October 2 in an offer for sale by tender which is expected to value Ryman at around £11m.

This would represent a fourfold increase on the £2.5m which Ryman's present ewners, headed by the chairman, Ms Jennifer D'Abo, paid for the company when they bought it from the Burton Group in 1981.

Ryman will be the first company to ge public through an offer for sale by tender since the merchant bank, Morgan Grenfell, in June.

It has opted for the tender method because its stockbrokers, L. Messel, consider that Ryman has no ebvious peer en the stock market and its shares would therefore be difficult to price.

In the offer Ryman proposes to raise about £4m. Existing shareholders, including Ms D'Abo, will retain around £2.5m with the remaining £1.5m being ploughed back.

Ryman ojerates 53 shops in and around tha London area selling office equipment and stationery to both corporate customers and to the public.

The company's reputation is rooted in its introduction of bright colours and colour coordination to the bitherto dowdy field of offices equipment.

In the early 1980s, immediately after the Burton Group deal, Ryman operated et a loss. But in recent years, as store opening costs have diminished, it has broken into profit producing £554,000 in the last financial year to May 31, on turnover of £17.1m.

## Marlborough Technical offer

THE STOCK MARKET'S chemicals sector is about to gain its first new recruit for many years with the flotation of Marlborough Technical Management, a Teesside-based speciality chemicals company, through an offer for sale.

Hill Samuel, the merchant bank, will be offering 6.51m shares at 110p each, at which price the company will be valoed at £40.2m. Stockbrokers te the issue will be de Zoete and Bevan and the prospectus will be published tomorrow.

MTM was tarted less than eight years ago by Mr Brian Wiggins and Mr Richard Lines, both of whom had previous experience in the chemicals industry. It now makes and sells speciality chemicals and chemical intermediates for the pharmaceutical, human hygiene, agricultural, surface coating and other industries.

Turnover last year was £18m and the prospectus will carry a profits forecast of £3.8m for the current year for a p/e ratio of 11.

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Aberdeen Construction, Asset Trust, Astbury and Madeley, Bentalls, Brown Boveri Kent, Centreway Industries, Combined English Stores, Eucalyptus Pulp Mills, F & C Pacific Investment Trust, Highcroft Investment Trust, Martin Currie Pacific Trust, Newarthill, Noble and Lund, Office and Electronic Machines, PFC International Portfolio Fund, RMC, Rover, Sandhurst Marketing, William Sindall, Superdrug Stores, Thurdis, Tunn Products, Tootal, United Newspapers, Vickers, Whatman Reeve Angel.

Finals: Dowding and Mills, Ferry Pickering, Finley Packaging, Kalamazoo, MAI, Raine Industries, Ramar Textiles.

FUTURE DATES

Interims—

| | |
|---|---|
| Alexander Workwear | Oct 14 |
| Comcap | Oct 7 |
| Fothergill and Harvey | Oct 13 |
| Intnl. Invest. Trust of Jersey | Oct 3 |
| Kleinwort Benson (Guernsey) | Oct 1 |
| Rea Brothers | Sept 26 |
| Williams (Rex) Leisure | Sept 29 |

Finals—

| | |
|---|---|
| Beckman (A.) | Oct 1 |
| Browns (Charlie) Car Part Centres | Oct 9 |
| Shandwick | Sept 30 |



### GRANVILLE

Granville & Co. Limited
8 Lovat Lane London EC3R 8BP
Telephone 01-621 1212
Member of Fimbra

| High | Low | Company | Price | Change | Gross div. (p) | Yield % | P/E Actual | P/E Fully taxed |
|---|---|---|---|---|---|---|---|---|
| 146 | 118 | Ass. Brit. Ind. Ord. | 133 | — | 7.3 | 5.5 | 6.1 | 7.6 |
| 151 | 121 | Ass. Brit. Ind. CULS | 131 | — | 10.0 | 7.6 | — | — |
| 125 | 43 | Airsprung Group | 98 | −7 | 7.6 | 7.8 | 6.1 | 6.6 |
| 46 | 28 | Armitage and Rhodes | 35xd | — | 4.2 | 12.0 | 4.9 | 4.5 |
| 188 | 108 | Bardon Hill | 189 | — | 4.6 | 2.4 | 21.4 | 19.5 |
| 81 | 42 | Bray Technologies | 81 | — | 4.3 | 5.3 | 9.6 | 5.8 |
| 201 | 75 | CCL Ordinary | 89 | — | 2.9 | 3.3 | 6.3 | 9.9 |
| 152 | 88 | CCL 11pc Conv. Pref. | 88 | — | 15.7 | 17.8 | — | — |
| 250 | 80 | Carborundum Ord. | 250 | +1 | 9.1 | 3.6 | 12.1 | 12.4 |
| 94 | 83 | Carborundum 7.5pc Pf. | 93 | — | 10.7 | 11.6 | — | — |
| 139 | 46 | Deborah Services | 139 | — | 7.0 | 5.0 | 14.5 | 19.0 |
| 32 | 20 | Frederick Parker Group | 23 | — | — | — | — | — |
| 125 | 50 | George Blair | 112 | −2 | 3.8 | 3.4 | 2.9 | 4.1 |
| 75 | 20 | Ind. Precision Castings | 75 | +1 | 3.0 | 4.0 | 19.8 | 16.6 |
| 215 | 156 | Isis Group | 158xd | — | 18.3 | 11.6 | 9.1 | 7.1 |
| 124 | 101 | Jackson Group | 123 | — | 6.1 | 5.0 | 8.4 | 7.8 |
| 377 | 228 | James Burrough | 308 | — | 17.0 | 4.6 | 10.3 | 9.4 |
| 100 | 85 | James Burrough 9pc Pf. | 97 | — | 12.8 | 13.3 | — | — |
| 85 | 58 | John Howard Group | 58s | — | 5.0 | 8.9 | — | — |
| 1,035 | 342 | Maithouse NV | 860 | — | — | — | 45.1 | 58.7 |
| 380 | 260 | Record Ridgway Ord. | 377 | — | — | — | 6.7 | 11.6 |
| 100 | 88 | Record Ridgway 10pc Pf | 89 | — | 14.1 | 15.8 | — | — |
| 62 | 32 | Robert Jenkins | 76 | — | — | — | 3.3 | 4.8 |
| 38 | 28 | Scruttons "A" | 37 | −1 | — | — | — | — |
| 117 | 68 | Torday & Carlisle | 117 | — | 5.7 | 4.9 | 7.1 | 7.2 |
| 370 | 320 | Travian Holdings | 322 | — | 7.9 | 2.5 | 5.7 | 8.8 |
| 70 | 25 | Unilock Holdings | 68 | — | 2.8 | 4.1 | 12.8 | 11.7 |
| 102 | 47 | Walter Alexander | 99xc | — | 5.0 | 5.0 | 9.5 | 9.1 |
| 226 | 190 | W. S. Yeates | 197 | — | 17.4 | 8.8 | 13.7 | 21.9 |

s—Suspended

## Public Works Loan Board rates

Effective September 24

| Years | Quota loans repaid by EIP† % | A‡ % | at maturity§ % | Non-quota loans A* repaid by EIP† % | A‡ % | at maturity§ % |
|---|---|---|---|---|---|---|
| 1 | — | — | 10¼ | — | — | 11¼ |
| Over 1 up to 2 | 10¼ | 10¼ | 10¼ | 11⅛ | 11⅛ | 11⅜ |
| Over 2 up to 3 | 10¼ | 10¼ | 10¼ | 11⅛ | 11⅛ | 11⅜ |
| Over 3 up to 4 | 10¼ | 10¼ | 10¼ | 11⅛ | 11⅛ | 11⅜ |
| Over 4 up to 5 | 10¼ | 10¼ | 11 | 11⅛ | 11⅛ | 11⅜ |
| Over 5 up to 6 | 10¼ | 10¼ | 11 | 11⅛ | 11⅛ | 11⅜ |
| Over 6 up to 7 | 10⅞ | 11 | 11 | 11⅜ | 11¼ | 11¼ |
| Over 7 up to 8 | 11 | 11 | 11 | 11¼ | 11¼ | 11¼ |
| Over 8 up to 9 | 11 | 11 | 10⅞ | 11¼ | 11¼ | 11⅛ |
| Over 9 up to 10 | 11 | 11 | 10⅞ | 11¼ | 11¼ | 11⅛ |
| Over 10 up to 15 | 11 | 10⅞ | 10⅞ | 11¼ | 11¼ | 11⅛ |
| Over 15 up to 25 | 10⅞ | 10⅞ | 10¾ | 11⅛ | 11⅛ | 11⅛ |
| Over 25 | 10⅞ | 10¾ | 10¾ | 11⅛ | 11 | 11 |

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

# UK COMPANY NEWS

## Brierley attempts to win support for his OT&T bid

BY LIONEL BARBER

Mr Ron Brierley, the New Zealand entrepreneur, yesterday attempted to winkle out support for his £258m cash bid for Ocean Transport & Trading.

In a formal offer document, Mr Brierley continued to cast doubt on OT & T's future investment strategy. OT & T has considerable surplus liquidity arising from the sale of its interest in Ocean Containers (OCL).

OT & T dismissed Mr Brierley's arguments as "a blatant attempt to snatch control of the business on the cheap.

Mr Brierley, holding 10.55 per cent of OT&T through a newly created company, IEP (UK), said his offer of 225p a share represented an increase in capital value of nearly 12 per cent and an increase in income of 121 per cent.

These figures are based on a market price of 201p a share, the day before it was reported that IEP was about to disclose a stake in OT&T. Yesterday, OT&T shares closed at 231p, up 2p, and comfortably above the IEP cash offer.

Mr Brierley, advised by Schroders, said the issue turned on whether OT&T shareholders wanted the certainty of a cash offer or "whether the anticipated future benefit from the pressure on Ocean to invest in new activities justifies a premium."

The document said OT&T, advised by S G Warburg, had a poor record without the benefit of the OCL stake; the majority of Ocean's pre-tax profits had come from OCL in three of the past five years. Even with OCL, earnings per share had grown at a compound growth rate of only 6 per cent per annum.

Moreover, shareholders funds had fallen from £317m in 1981 to £212m in 1985, a decline of one third, the document added.

## TKM surges to £7m midway

Tozer Kemsley and Millbourn, the motor trader and property developer, yesterday announced sharply increased pre-tax profits of £7.1m for the six months to June 1986, writes Lionel Barber.

The strong performance confirmed that TKM laden with debt just 18 months ago, is recovering quickly. In June 1985, he New Zealand entrepreneur Mr Ron Brieley took control of the group via a £12.7m cash injection.

Profit was £7.08m pre-tax on £270.5m turnover, a profit increase of £4.7m over the corresponding period in 1985. Trading profit amounted to £10m (£6.97m).

TKM is not paying an interim dividend to ordinary shareholders but a dividend 0.8989p per share will be paid to holders of 8.5 per cent convertible cumulative preference shares. These were issued in November 1985 to raise £12.6m to reduce bank borrowings.

There was an extraordinary profit of £5.4m following early repayment of borrowings which amounted to £48.3m in June 1985. The profit was realised at the end of last February.

### ● comment

TKM's drastic slimming cure has worked wonders. To all intents, TKM is now a motor trader. Some 90 per cent of sales are in this sector, the balance coming through property development in Florida and Toronto. Selling BMWs through the valuable Cooper franchise to the Yuppies in the South East has obviously helped sustain margins; more eye-catching is the way the group's other profitable activity—selling Japanese cars—does not appear to have been affected by a strengthening yen. Tha benefits of the Kenning acquisition—which will double TKM's turnover—has yet to come fully through into the profit figures, contributing only £0.9m at the interim stage. The other major move this year—picking up the Alfa Romeo concession—is a more long-term prospect. For the full year, remembering the traditional August UK car sales boost, £20m pre-tax profits seem achievable. With the sharee at 165p, that puts TKM on a rating well above tha automotive of the sector in general, probably owing more to tha Ron Brierley factor than to what is clearly an impressive turnaround.

## Miller and Santhouse USM placing

By Alice Rawsthorn

Miller and Santhouse, a Liverpool-based optician, is joining the Unlisted Securities Market through a placing which will value the company at £5.1m.

The company was formed in 1977 and has since established a chain of 22 opticians in the north of England, Wales and Scotland. Miller and Santhouse conducts eye examinations and sells contact lenses, spectacles and eye care products.

"We have expanded fairly rapidly in the last few years and are now keen to move further into the south," said Mr Maurice Miller, the chairman and joint managing director. "We have earmarked nine new shops to be opened by the end of the year, including some in the south Midlands. The capital raised by the flotation will help us with our plans."

The company has operated at a profit for the last five years producing pre-tax profits of £362,000 on turnover of £2.96m in the year to June 30. It expects to pay a net dividend of 2.25p a share for the current year.

In the placing, by the stockbrokers, Capel-Cure Myers, Miller and Santhouse intends to release 1.45m shares, or 29.4 per cent of its enlarged share capital at 105p a share. Some £500,000 of the capital raised by the placing will be channelled into the company in order to finance its ongoing expansion programme.

## Rainbow's Babcock stake raised to over 5%

Rainbow Corporation, the New Zealand leisure group which recently acquired a stake in Babcock International, has increased its holding in the UK engineering group to just over 5 per cent.

The New Zealand company indicated last month that it had built up a shareholding of about 4.8 per cent in Babcock, and the latest acquisitions give it a total of 8.7m shares in the British group.

During the period in which Rainbow has been purchasing the stock, Babcock shares have been quite volatile, but it is believed that the New Zealand group has paid an average of about 180p a share for its holding, at a total cost of around £12m.

In talks with Rainbow three weeks ago, Babcock executives were assured that the New Zealand company had acquired its holding for long-term investment purposes. The British company indicated last night that it had no reason to believe that Rainbow's intentions had changed.

Rainbow is a two-year-old company run by Mr Craig Heatley, a 30-year-old businessman involved in amusement parks and minigolf, and Mr Gary Lane, an accountant formerly with Coopers and Lybrand, the audit firm.

The two men were recently engaged in an unsuccessful takeover battle in New Zealand for Rothmans Industries, a drinks and tobacco company.

## City and Westminster/Bremner

BY CHARLES BATCHELOR

City and Westminster Finance, a small corporate finance company, yesterday exercised options to buy a 24.8 per cent stake in Bremner, the controversial stores group.

This could herald a takeover bid for Bremner but Mr Andrew Greystoke, who heads City and Westminster, declined to comment yesterday.

City and Westminster disclosed on September 8 that it had begun buying options on Bremner's shares and a few days later said it had increased its option holding to 29.9 per cent.

Bremner is effectively a property and cash "shell" which has been at the centre of an unusual public struggle for power between its chairman Mr James Rowland-Jones and two of its former directors in recent months.

Mr Greystoke earlier said that any full offer would not be significantly above the 60p price agreed under the option purchase.

## COMPANY NEWS IN BRIEF

### RESULTS

EDMOND HOLDINGS Hull-based housebuilder, swung back with profits of £156,210 in the half-year to June 30 1986 compared with pre-tax losses of £140,175 in the corresponding period last year. An interim dividend of 0.15p (nil) is being paid—last year's final payment was 0.2p net. Turnover improved from £4.65m to £5.5m. The sale of land and other assets totalled £47,000 (£177,055) and rental income was lower at £22,922 (£28,401). Stated earnings per 10p share were 0.39p (0.35p losses).

DAVENPORT KNITWEAR saw turnover rise from 2.75m to £3.36m in the half year ended June 30 1986. Operating profit was up to £387,000 (£231,000) and investment income to £188,000 (£170,000), giving pre-tax profit of £493,000 (£343,000). Earnings were 17.67p per share

RAMCO OIL SERVICES incurred pre-tax loss of £607,000 (£101,000) in the six months to June 30 1986. Mr Stephen R. Remp, the chairman, said the heavy losses had been caused by continued repercussions of the unprecedented collapse in world oil prices which occurred at the beginning of the year. He added that the months following had seen brutal cost cutting by oil companies. No interim dividend is being paid and the directors did not expect to pay a final. The loss per share was 2.9p (0.35p).

CAKEBREAD ROBEY & CO., builders' and timber merchant, increased pre-tax profits to £362,000 (£240,000) for the first half of 1986, on turnover of £11.2m (£10.53m). Earnings per 10p share were 3.9p (3.3p) and the interim dividend is unchanged at 0.8p net. The company said the rate of profits increase was not expected to be maintained in the second half, which had started below last year's good figures.

WILLIAM MORRIS Fine Arts, USM quoted wallcovering maker and sculpture caster, made pre-tax profit of £194,000 (£192,000) for first half of 1986, on turnover of £4.67m (£8.47m). Earnings per 20p share were 0.62p (0.38p) before extraordinary debits of £73,000 (£575,000) or 0.39p (1.48p loss) after. The board still intends to seek a reduction in group's nominal capital to facilitate an early return to dividend list.

JAMES WILKES, manufacturer of business forms and equipment, raised turnover to £5.2m (£1.53m) in first half of 1986, but profits fell to £230,983 (£514,635) pre-tax. Tax £87,341 (£220,00). Earnings totalled 3.5p (7.3p), but interim dividend held at 3p net. Poor performance entirely attributable to difficulties encountered by Deritend Engineering (1983). That company is now benefiting from new management and methods.

TRAFFORD PARK Estates, industrial and commercial property developer, made virtually unchanged pre-tax profits of £2.67m (£2.66m) for the year to June 30 1986. Earnings per 25p share were 15.26p (15.14p) and the final dividend is 8p for a 12p (11.5p) total. An extraordinary debit of £219,000 (£77,000 credit) was the cost of the abortive merger with Wingate Property Investments.

### BIDS AND DEALS

SECURIGUARD confirmed that it was in acquisition discussions with a private cleaning group, but pointed out that it was often involved in such negotiations, many of which did not come to fruition.

TRADE PROMOTIONS SERVICES has been notified that EMAP has approached the British Jewellery and Giftware Federation to acquire its holding of 1.47m shares (26 per cent) of Trade Promotion at 210p.

TR NATURAL RESOURCES: Brokers Wood Mackenzie yesterday made an open market purchase of 5.9m shares in TR (9.92 per cent) on the instructions of investment clients, bidding 140p a share.

MOSS ADVERTISING yesterday announced that Mr Stephen Moss, the chairman, is stepping down and he and his family interests have sold 1.9m shares (50.25 per cent), mostly to institutional investors, retaining 282,600 (7.44 per cent). Mr Moss who will remain a non-executive director, will be succeeded by Mr Stuart Pearson, the recently appointed finance director, who has increased his shareholding to 7.86 per cent. Mr Stephen Daughtrey becomes managing director and Mr John Cooper, who has acquired a 6.97 per cent stake, joins the board.

KALON GROUP has sold its holding of 210,000 ordinary shares in Mander (Holdings) and no longer has an interest in the share capital of Manders.

WILLIAMS HOLDINGS' £58m agreed bid for London & Midland Industrials has been declared unconditional after gaining acceptances covering more than 50 per cent of the shares. The cash alternative closed yesterday, while the other offers remain open.

**David Goodhart** reviews the Commission's verdict on Norton's bid for McCorquodale

## Cheque point—the banks hold all the power

THE DECISION of the Monopolies and Mergers Commission to allow a new bid by Norton Opax for McCorquodale — despite combined market share in personalised cheques of over 40 per cent — hinged on the power of the banks as customers to exploit spare capacity in cheque printing.

The largest four clearing banks — Barclays, Lloyds, Midland and National Westminster — buy 80 per cent of all personalised cheques and the Commission's report concluded:

"The banks' dominance of the chequa market is such that they would be able to counteract any concentration following a merger by switching a proportion of their business et little or no cost from the enlarged company to other producers who have the available capacity."

The report also looked at the £4m a year market in lottery tickets which would also give Norton Opax (31 per cent) and McCorquodala (14 per cent) a joint market share of over 40 per cent.

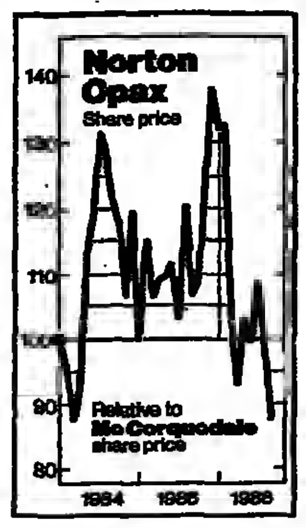
But the £45m personalised cheque market was more central to the argument.

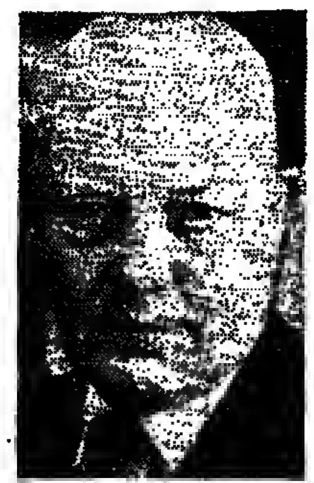
It is a market which has grown rapidly over recent years with the UK banks now processing an average of 12m cheques a day or over 3bn in 1985.

Growth prospects are now slowing with the wider availability of credit cards but it will remain a significant subsector of tha printing industry for the forseeable future.

Technological development and competitive tendering by the banks has led to a concentration of supply and following the acquisition of Bradbury Wilkinson by De La Rue last March it was estimated (by McCorquodale) that the three market leaders—McCorquodale (34 per cent), Norton Opax (15 per cent), and De La Rue (16 per cent)—now held 65 per cent of the market (excluding the banks' in-house production).

Mr Richard Hanwell, chief executive of Norton Opax.



Mr John Wood, chairman of McCorquodale.

There are four other significant—if small scale—producers but McCorquodale argued that the long-term participation of any supplier outside the "big three" was "open to conjecture."

Norton pointed out that if the banks' in-house production was included the joint market share with McCorquodale was only 43 per cent and that if a merger did take place the banks would continue to split their requirements for cheque books between a number of suppliers "up to five in the case of the larger customers."

Norton also admitted that following a merger—and in the light of tha recent De La Rue takeover—it would probably not be able to retain the whole of tha current market share of the two groups. (The Commission was told it might lose as much as 14 per cent).

This would be switched to smaller competitors with spare capacity. Norton said that spare capacity ranged from 20 per cent in its own case to 40 per cent for two other main competitors.

McCorquodale questioned this however and said capacity was in general fully utilised. What appeared to be spare capacity in some companies was in fact "back-up."

McCorquodale concluded that if a merged company did not retain its market share Norton Opax would be forced to close down one of the merged group's production lines.

The company also claimed that over a few years prices might rise 10 per cent above what they would have been in the absence of a merger, and important technological competition would be lost.

Norton stressed that through the use of tendering and short-term contracts the banks had greatly reduced the cost of cheques and there was no reason to believe that could be stopped by a merger.

The company also underlined the relative openness of the market by citing Kenrick and Jefferson which entered the market in 1981 and was now one of the eight largest suppliers.

For an existing printing operation Norton calculated that the cost of entry might be as low as £200,000. McCorquodale put the figure at £1m to £1.4m.

Most of the banks opposed tha merger but said they had sufficient power to ensure their interests were not hit.

Barclays said it "did not welcome the merger . . . but did not believe that its interests would be materially damaged by it."

Lloyds and Midland Bank expressed similar views but National Westminster said a merger would cause it no concern.

Among competitors, Bemrose was most opposed saying that the present highly competitive market encouraged technical excellence as well as competitive pricing and doubted whether naw entrants could achieve any significant share.

The British Printing and Communication Corporation said it hoped to benefit from tha readjustment of market share arising from e marger.

De La Rna simply said that the merger was an inevitabla response to recent market pressure but the correctives were the banks' growing in-house production facilities and the potential arrival of new entrants.

The two main printing unions—tha National Graphical Association and Sogat '82—both opposed the merger.

The commission concluded that: "Following the proposed merger thare would still be suppliers in the market with spare capacity to enable the banks to switch suppliers as they have done in the past."

The report also estimated that there is currently sufficient spare capacity to produce an extra 1bn chegnes a year—some 30 per cent of current supply.

The ralativaly good margins on personalised cheques would also attract other security printers if there was an opening. "At least one producer has told us that it considers cheque production to ba among the most lucrative work in the security printing business."

Norton Opax's margins on personalised cheques was 21.7 per cent in thelast financial year: McCorquodale refused to reveal its figure. Norton's average margin was 9.6 per cent compared McCorquodale's 6.2 per cent.

On the static £4m market in lottery tickets in which a marged company would have over 40 per cent share the Commission concluded that given the ease of entry it would be difficult to force up prices and added that "we received no complaints ebout the proposed merger from promoters of instant lotteries."

On "other issues" such as the likelihood of Norton disposing of several McCorquodala companies or future employment prospects the Commission said: "Its enthusiasm for expanding its business overseas does not suggest to us a company bent on asset stripping or large scala redundancies."

*Norton Opax PLC and McCorquodale PLC: A Report on the Proposed Merger. HMSO, £6.50.*

# Logica advances 36% and poised for US expansion

BY DAVID THOMAS

Logica, the computer software company, yesterday reported pre-tax profits up 36 per cent to £6.8m for the year to June 1986, against £5m previously which excluded discontinued activities. The period was marked by Logica's withdrawal from its office automation activities.

Extraordinary charges, mainly connected with this withdrawal, were £12.2m — £3.7m less than previously allowed for. After allowing for these charges, tax of £2.6m (£2.7m) and interest paid of £649,000 (£487,000 received), Logica reported a net loss of £7.9m, compared with £3.5m last year.

Earnings per share were 10.07p on the expanded share base created by the rights issue during the year, compared with 6.95p last year. The directors are proposing a dividend of 1p (0.85p).

At the end of the year, net cash balances stood at £8.3m, compared with a net overdraft of £11.9m at the start of the year.

This was due to new equity capital of £15.1m raised in January, a positive operating cash flow and a net cash surplus resulting from the withdrawal from office automation.

Turnover for the year was £87m, up 40 per cent on last year's £62.3m, once the discontinued office automation activities are excluded.

Mr Len Taylor, managing director, said sales were expected to grow by about 25 per cent this year.

Mr Taylor said that sales to the financial sector (up from £6m to £10.2m) and to space and defence (up from £13m to £17m) had been particularly good in the UK, which accounts for more than half of Logica's business.

Logica's US operations, which had incurred losses in the previous two years, recorded a profit of £60,000 for the year on sales of £11m, having suffered a loss of £400,000 in the first half.

Mr Taylor said Logica was now poised to expand in the US, having returned to profit.

He added that the company's Australian operations had made substantial profits on sales of £5m, after having incurred a small loss in the previous year. The Netherlands operations, with revenues of £7m, had achieved above average profits.

New office expansion had taken place in the UK, the Netherlands, Belgium, West Germany, Sweden and Australia. New operations had been started in Denmark, Malaysia and Taiwan.

The shares were unchanged at 218p yesterday.

See Lex

# Expanding Connells surges to £2m

CONNELLS ESTATE Agents, which earlier this year extended its coverage in the Brighton and Oxford areas, made strong progress in the first six months of 1986 with a profits rise from £760,000 to £2.05m pre-tax.

Commenting yesterday, Mr John Simson, the chairman, said the results reflected increased sales volumes without sacrificing margins. Growth was boosted by selective expansion and favourable market conditions were experienced.

Income from the residential activities increased sharply from £2.7m to £4.52m and on the commercial side, income of £2.44m (£487,000) was much higher than had been expected.

In all, total income surged from £3.19m to £7.26m—just £707,000 short of the reported figure for 1985 as a whole.

Tax accounted for £758,000 (£215,000) and left net profits at £1.29m, compared with a previous £445,000.

Earnings worked through at 9.07p (3.66p) basic or 8.99p (3.66p) adjusted for the bonus element of last May's £6.59m rights issue. The interim dividend is being doubled to 2p net on the enlarged capital.

Referring to recent takeover activity in the estate agency market, Mr Simson said: "We are already finding evidence that both the individual and business client see advantages of dealing through a successful estate agency."

He pointed out that the long-term advantages of the company's policy were increasingly recognised by potential associates in acquisition situations.

# Growth all round as Bank of Scotland climbs to £55m

WITH ALL three principal companies in the Bank of Scotland group making higher contributions, the first half of 1986 produced a 23.5 per cent lift in pre-tax profits—from £44.7m to £55.2m.

The figure also represented a 9.3 per cent improvement over the record £50.5m achieved in the second half of last year, the directors said.

Charged to the profit were higher provisions for bad and doubtful debts, mainly because of the greater volumes of consumer finance business and an increase in the provisions already made in relation to certain overseas sovereign debts.

For the 1986 period, specific provision was £20.3m (£15.7m) and general £4.1m (£2.6m). In the second half of 1985 the figures were £21.7m and £1.2m.

Interest charges on subordinated loans were up to £18.4m (£9.2m) and provision for profit sharing £2.3m (£1.8m).

Earnings for the period came to 26.9p (22.2p) and the interim dividend is stepped up to 6p net (5.5p).

The clearing bank lifted its profit by nearly 14 per cent, from £35m to £39.8m. Net interest earnings grew by 15 per cent, while average total assets increased by 12.8 per cent.

On the domestic front, average sterling assets rose by 21.7 per cent as average Base Rate fell from 12.6 to 10.6 per cent. With deposits the success of Money Market Cheque Account continued unabated.

Some growth was seen in traditional current account balances while, in the area of new products, Home and Office Banking deposits and Keycard Deposit Accounts were growing steadily.

Earnings from the International Division again represented a strong performance.

Sir Thomas Risk, the Governor of the Bank of Scotland.

The extension of the television-based Home Banking system for corporate and professional business users had been completed, and there had been a steady flow of new HOBS users attracted by the flexibility of the service. Longer opening hours at domestic branches, introduced last November, were also beginning to have beneficial effect.

North West Securities, the finance subsidiary, achieved a profit of £12.3m. After excluding a surplus of £1m on the sale of an investment, that gave an increase of 33 per cent over 1985.

Good progress was achieved in all divisions with new advances up 36 per cent, although average lending margins continued to narrow as a result of competition.

After tax £21.6m (£19.8m) and minorities £100,000 (same), the group attributable profit for the first half was £33.5m (£25m). Cost of the dividend is £7.5m (£6.8m).

# Reed International finance director

Mr N. J. Stapleton has been appointed finance director of REED INTERNATIONAL. He succeeds Mr K. J. Morton, who left to join the Hill Samuel Group as an executive director in July this year. Mr Stapleton is vice president, finance, of Unilever United States Inc based in New York. He will be joining Reed International later this year.

★

Mr Terry Baker and Mr Colin Fisher have been appointed assistant general managers in the UK retail banking business unit of LLOYDS BANK. Mr Baker, formerly regional director and general manager for Greater London (South), will have responsibility for the branch banking division's operations in London, Birmingham and the West Midlands, Eastern counties, the Thames Valley and South Midlands. Mr Fisher, previously senior project manager, strategic planning, will be responsible for market planning for small and medium sized businesses, including the development of Lloyds Bank Commercial Services.

★

Mr John Cuthbert has been appointed financial controller of the NORTH EASTERN CO-OPERATIVE SOCIETY. He was formerly the financial controller of Associated Co-operative Creameries.

★

Three appointments have been made to the management team of RANK XEROX (UK). They are Mr Peter Blackmore, director for strategic business development; Mr Paul Chapman, director business management systems; Mr Les Jones, director personnel.

★

Mr B. M. Harrison has been appointed a director of RUDOLF WOLFF AND CO LTD and Mr R. E. Bridges has been appointed a director of Rudolf Wolff K.K., its Tokyo subsidiary.

★

THE BRIGHTSIDE MECHANICAL AND ELECTRICAL SERVICES GROUP, a wholly-owned subsidiary of George Wimpey, has made Mr Roger Antrobus its finance director. He was formerly finance director of Crittal Tectronic.

★

COOPERS & LYBRAND has appointed Mr Brian Jenkins to head its UK audit practice. Mr Jenkins is the immediate past president of the Institute of Chartered Accountants in England and Wales.

★

At the BRITISH-SOVIET CHAMBER OF COMMERCE Mr Michael Wilson becomes executive director following the retirement of Mr Denis Crees on September 30.

★

THE LOUISIANA LAND AND EXPLORATION CO has elected Mr Ernest J. Leidner, Jr, as vice president. Mr Leidner will continue in his capacity as general manager of the Oklahoma City exploration and production division.

★

Mr Peter Bryant, previously managing director of Eurosurvey UK, becomes managing director of TYZACK & PARTNERS (BRISTOL) on October 1.

★

GRIFFIS METALS is expanding its board after completion of its second stage development plan with the raising of £2m through a Schroder Ventures syndicate. Mr Charles Sherwood, a partner of Schroder Ventures, and Mr Walter Dickson, formerly president of Mars Europe, join Mr Roger Lamberth and Mr Sandy Smith as non-executive directors. Mr Gordon Davidson, who was previously with Unicoal Metals, becomes commercial director.

★

MGM ASSURANCE has appointed Mr John Telford Beasley a director. Mr Beasley has been managing director (buses) of the London Regional Transport Board since October 1984 and is currently chairman and managing director of London Buses, a position he took up in April 1985.

★

Ms Julie Woodbridge has been appointed to the board as marketing director of SARA LEE. She was head of marketing.

★

GIBBS AND DANDY, has made two appointments. Mr Michael Dandy becomes managing director, succeeding Mr Ron Silvester who retires. Mr Howard M. Jones, has become company secretary.

# Currency factors hold back ABP

Associated Book Publishers yesterday reported pre-tax profits of £2.21m for the first six months of 1986, up three per cent on the £2.15m made at the interim stage last year, and blamed adverse currency factors for holding back growth.

However, it said that the second half trading performance to date indicated that the company was on course for "the achievement of its plans for the year," and an increased interim dividend of 2.25p a share (2.1p) was, therefore, being declared.

If exchange rates had remained constant, the company would have recorded a 24 per cent advance in pre-tax profits, but the weakening of the Canadian and Australian currencies had inhibited sales in these markets, and had substantially reduced the sterling value of profits. Canada produced £1.4m (£1.47m) and Australia £438,000 (£180,000).

In the UK, turnover increased by £4.1m to £17.8m, with three recent acquisitions—Routledge & Kegan Paul, Croom Helm and Pitkin—contributing £2.3m.

The trading profit was unchanged at £1.1m, with the Routledge contribution helping offset a moderation in income from the highly successful Adrian Mole books.

Group turnover in the period was £36.45m (£31.67m) and the tax charge was 44 per cent (47).

**● comment**

Associated had plenty of reasons yesterday to explain a mere 3 per cent advance at the pretax level: currency was the main one, but the dull state of the UK market, reorganisation costs and a cyclical dip in its vital law publishing operations (which provides over 60 per cent of profits) were others. In the circumstances, the figures are respectable enough, and with signs of an upturn in the UK general publishing market the second half should be substantially better, while 1987 should start showing the benefits of integrating the new acquisitions and of a cyclical upswing in law. All this said, Associated's litany of the special factors restraining its growth has a familiar ring from this time last year and the management has yet to prove that it has the flair and drive to squeeze the most out of the new acquisitions. With pre-tax profits for the full year forecast at about £8.3m, and a 44 per cent tax charge, the shares at 216p are on a prospective p/e of 12.5 which is quite sufficient.

# Ferranti orders climb by 30%

By David Thomas

NEW ORDERS flowing to Ferranti in the first five months of its financial year were up 30 per cent on the same period last year, Mr Basil de Ferranti, the chairman, told Ferranti's annual meeting yesterday.

Ferranti's order book now stood at £750m, he added.

Mr de Ferranti said that he saw little sign of an upturn in the world semi-conductor market until the middle of 1987, at the earliest.

However, the reduced contribution of Ferranti Electronics, whose main business is in semi-conductors, "is being countered by improvements in the remainder of the group where turnover and margins are well ahead of last year," he said.

# Harvey & Thompson jumps 75%

Harvey & Thompson, the USM quoted pawnbroker, lifted pre-tax profits by 75 per cent from £178,000 to £312,000 for the year ended June 28 1986. The result reflected continued improvement in all aspects of the business.

The company said the current year had got off to a very good start and it was hopeful of a further advance at the interim stage.

With stated earnings per 20p share well ahead from 8.5p to 15.05p, the dividend total is up 50 per cent to 6p (4p) net with a final of 4.25p.

The pledge book has advanced from £2.74m to £3.41m, the company said. This trend continued and two new branches would be opened in the next three months, in Stockport and North-east London.

The company believed there was still plenty of scope for continued expansion in the pawnbroking business and it intended to persevere with the establishment of nationwide representation.



# Wold cuts interim loss

Wold, the USM quoted producer of frozen green vegetables, yesterday turned in its usual first-half deficit, albeit at a lower level than in the previous year.

For the half year to June 30, 1986, pre-tax loss was reduced from £1.81m to £1.66m, on a lower turnover of £11.83m, against £12.39m. Stated net deficit per 5p share decreased from 9.4p to 7.97p.

The net interim dividend is unchanged at 0.75p. Last year's final was omitted after 1985 profits plunged from £1.47m to £465,000.

The company said yesterday that harvest of the main crops, peas, had been completed in better conditions than last year. Prospects for other major crops looked better than in 1985 and processing costs should be lower than last year as a result of higher, more concentrated, factory throughputs.

M and P Engineering and Fresh Foods (North) were expected to improve on last year's results. The recently announced acquisition of Ice "N" Easy (Seafoods) should make a useful contribution to 1986 profits.

# McLaughlin & Harvey Irish loss

The cost of putting an end to construction operations in the Republic of Ireland are reflected in the first half 1986 results of McLaughlin & Harvey, the Newton Abbey based building group.

Profit before tax came to £314,000 on a turnover of £23.5m. However, there was a below the line extraordinary charge of £356,000 in running down the operations, in addition to an anticipated trading loss of £295,000 in the Republic for the year as a whole, and for which provision had already been made.

In the comparable period of 1985 turnover came to £28m and pre-tax profit to £704,000.

By the end of the year they had risen to £58m and £1.15m respectively.

The interim dividend is again 2p net, and Mr R. T. Huston, chairman, said he was confident that the year's profit would be sufficient to justify holding the total at 7p. He also announced that he would be giving up the chairmanship on October 9 and that Mr Charles Denny would take his place.

# Hawtal rises 22% midway

Hawtal Whiting Holdings, which moved from the USM to a full listing in May, raised its profits for the first half of 1986 to £2.04m pre-tax an improvement of 22 per cent.

The profits advance reflected increased turnover from the design engineering sector.

During the first quarter, the group completed the purchase of a further 24 computer-aided design workstations, bringing the total available to 43.

The directors said yesterday that they believed the expanded computer-aided design facilities, and the current level of design contracts, would make a strong contribution to profits in the second six months.

In the second quarter a wholly-owned subsidiary was incorporated in Windsor, Ontario, close to the Detroit area. This facility has now commenced operations.

OXFORD INSTRUMENTS is acquiring a minority equity interest in Hexland, an Oxon-based developer and maker of specialist accessories for electron microscopy, including cryogenic related products.

# Charles Barker helped to £1.57m by acquisition

WITH THE addition of £114,000 profit of Norman Broadbent International, equal to one month since acquisition, the Charles Barker communication group came up with a pre-tax profit of £1,569,000 for the first half of 1986, compared with £1,497,000 in 1985.

The company's shares were offered for sale in May at 150p each. Yesterday, they closed at 123p, down 7p on the day.

The interim dividend is the promised 1p net. For the full year at least 3p had been intimated.

Second half had been busy for all parts of the company, the directors reported, and they were confident that the current year would be another success.

In the half year billings totalled £73.34m (£62.7m) and turnover came through at £39.9m (£38m). Operating income rose from £9.84m to £11.5m but that was offset by additional expenditure in personnel costs in building for the company's future growth, the directors pointed out.

They said some larger advertising clients had not spent as much as anticipated in the half year, and that contributed to "somewhat lower" profits from consumer advertising business. However, the Electricity Council, Economic Laboratories and Mercedes-Benz have asked the company to handle additional business which would be reflected in 1987.

Charles Barker City had an excellent time, and all profit centres in the PR business enjoyed buoyancy and anticipated further growth.

The half year earnings were 4.96p (4.16p) or 4.86p fully diluted. The tax charge was £659,000 (£748,000).

Barker also announced yesterday that it had set up a public relations consultancy in Manchester. It is headed by Mr Keith Henshall and Mr Jeremy Dent who had previously been running their own consultancy.

# Ascot boosts Moss Bros.

DESPITE A slightly under budget turnover, strong disciplines in all areas of business together with a good Royal Ascot race meeting enabled Moss Bros. to lift its profits by 10 per cent for the six months to July 26 1986.

Mr Monty Moss, the chairman, said yesterday that currently there appeared to be signs of an improvement but, as is usual, it was too early to forecast results for the full year.

The interim dividend, however, is being stepped up from 1.72p to 1.85p net from earnings of 7.15p.

Turnover for the half year improved from £9.53m to £9.75m and profits at the pre-tax level by £53,000 to £548,000—the group is clothes retailer and formal wear hirer.

Following the abolition of the GLC the group resubmitted to Westminster Council its original application to develop its Covent Garden site.

Premises were recently acquired in Epsom and Bath. Epsom was now open as the group's fifth Occasions shop specialising in men's formal wear. Bath will open shortly and will carry a full range of men's wear.

# Further downturn at Juliana's

Juliana's Holdings, the international discotheque group which experienced a near-54 per cent profits fall in 1985, suffered a further sharp downturn in the first six months of 1986.

At the pre-tax level, profits fell from £582,000 to £229,000 from a turnover 10 per cent lower at £3.55m.

Earnings worked through 1.25p down at 0.84p and the interim dividend is being cut from 1.25p to 0.75p gross per 5p share.

The share of losses of the associate, Supersport, fell by over £100,000 to £196,000. The associate has now disposed of its interest in Hot Gossip, Kuala Lumpur. Hot Gossip, Hong Kong, had returned to profit on a monthly basis but losses were continuing to be incurred at the Raffles Club in Hong Kong.

The directors said yesterday that it was unlikely that Supersport would make an overall profit in the second six months. They pointed out that profits from the contract discotheque division had been depressed due to expiry of a number of old contracts in the second half of 1985.

During the period under review, 15 new contracts became operational and it was anticipated that this division would show a significant improvement in profitability in the second half.

Group tax for the opening half year accounted for £90,000, down from £237,000. Net profits amounted to £139,000, against a previous £345,000.

Below the line an extraordinary provision this time of £246,000 left an attributable loss of £107,000 (profit £344,000).

The extraordinary item represented the loss on the disposal of Hot Gossip, Kuala Lumpur, a nightclub previously owned by Supersport less the reserves which arose from the purchase for cancellation of £800,000 nominal of the group's 7½ per cent unsecured loan stock 2000-2002.

## Betec midway improvement

Betec, manufacturer of fastenings and fastening systems, lifted turnover from £7.3m to £7.48m and pre-tax profit from £476,000 to £560,000 in the first half of 1986.

That reflected better results from the component companies and the continued reorganisation at the engineering machinery companies, the directors claimed.

The interim dividend is raised to 0.65p net, from 0.5p, at a cost of £74,000 (£59,000). It is payable on an extra 2.4m shares issued in respect of conversion of preference shares.

Included among those shareholders was Clayhithe, which converted its total holding of 578,897 preference shares.

After tax £169,000 (£152,000) net profit for the period came to £391,000 (£324,000). Cost of the preference dividend was £19,000 (£41,000), and earnings were 4.23p (3.65p), and 3p (2.53p) fully diluted.

## Beauford Group

Beauford Group, maker of heavy machine tools, lifted its pre-tax profit from £336,000 to £351,000 and its interim dividend from 0.875p to 1p net for the first half of 1986.

Although the dividend increase reflected confidence in the future, it was intended to reduce the discrepancy between payments, the directors said.

Turnover came to £4.21m (£4.26m). After tax £130,000 (£145,000) earnings worked through at 3.4p (3p).



# UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Indl. prod. | Mfg. output | Eng. order | Retail vol. | Retail value* | Unem-ployed | Vacs. |
|---|---|---|---|---|---|---|---|
| **1985** | | | | | | | |
| 1st qtr. | 105.7 | 103.5 | 104 | 112.4 | 132.9 | 3,133 | 153.6 |
| 2nd qtr. | 108.9 | 104.5 | 100 | 115.0 | 141.4 | 3,174 | 161.7 |
| 3rd qtr. | 108.4 | 103.7 | 103 | 116.3 | 145.2 | 3,124 | 164.4 |
| 4th qtr. | 108.4 | 103.5 | 105 | 116.6 | 177.7 | 3,122 | 168.3 |
| **1986** | | | | | | | |
| 1st qtr. | 109.2 | 102.8 | 97 | 118.0 | 145.4 | 3,171 | 164.6 |
| 2nd qtr. | 108.4 | 103.3 | [illegible] | 120.2 | 152.7 | 3,208 | 175.1 |
| January | 108.3 | 102.4 | 88 | 117.0 | 145.6 | 3,153 | 159.7 |
| February | 109.8 | 103.0 | 98 | 117.2 | 149.9 | 3,161 | 165.0 |
| March | 109.5 | 102.9 | 105 | 119.8 | 148.6 | 3,199 | 168.8 |
| April | 110.4 | 103.7 | 102 | 119.3 | 152.1 | 3,200 | 169.0 |
| May | 108.1 | 102.8 | 111 | 118.2 | 149.8 | 3,205 | 171.1 |
| June | 106.7 | 103.3 | | 122.4 | 155.4 | 3,220 | 185.3 |
| July | 110.3 | 104.3 | | 120.9 | 158.2 | 3,223 | 195.2 |
| August | | | | 122.9 | | 3,224 | 201.2 |

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

| | Cnsmer. goods | Invest. goods | Intmd. goods | Eng. output | Metal mnfg. | Textile etc. | Housg. starts* |
|---|---|---|---|---|---|---|---|
| **1985** | | | | | | | |
| 2nd qtr. | 103.4 | 105.0 | 113.5 | 105.6 | 115.9 | 102.1 | 18.2 |
| 3rd qtr. | 104.3 | 103.3 | 113.3 | 103.5 | 114.4 | 103.2 | 17.3 |
| 4th qtr. | 103.7 | 102.6 | 113.5 | 103.1 | 111.6 | 102.8 | 15.6 |
| **1986** | | | | | | | |
| 1st qtr. | 103.0 | 102.3 | 115.3 | 102.0 | 110.4 | 103.8 | 14.2 |
| 2nd qtr. | 104.4 | 101.7 | 113.3 | 102.4 | 111.7 | 104.0 | 19.8 |
| January | 102.0 | 101.9 | 114.3 | 102.0 | 112.0 | 103.0 | 13.9 |
| February | 103.7 | 102.8 | 116.2 | 102.0 | 110.0 | 105.0 | 12.5 |
| March | 103.3 | 102.7 | 115.5 | 103.0 | 110.0 | 103.0 | 16.3 |
| April | 104.9 | 102.3 | 116.7 | 103.0 | 109.0 | 106.0 | 18.7 |
| May | 104.0 | 101.6 | 113.0 | 102.0 | 112.0 | 102.0 | 18.9 |
| June | 104.3 | 101.3 | 110.2 | 102.6 | 114.0 | 104.0 | 22.0 |
| July | 105.1 | 101.9 | 116.5 | 103.0 | 115.0 | 102.0 | 20.4 |

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

| | Export volume | Import volume | Visible balance | Current balance | Oil balance | Terms trade | Reserve US$bn* |
|---|---|---|---|---|---|---|---|
| **1985** | | | | | | | |
| 2nd qtr. | 120.5 | 124.8 | −124 | +1,557 | +2,411 | 97.8 | 14.32 |
| 3rd qtr. | 116.2 | 124.1 | −453 | +1,472 | +1,900 | 100.3 | 14.18 |
| 4th qtr. | 118.9 | 127.9 | −292 | +612 | +1,863 | 101.6 | 15.54 |
| December | 119.2 | 128.3 | −52 | +360 | +491 | 101.7 | 15.54 |
| **1986** | | | | | | | |
| 1st qtr. | 117.4 | 126.1 | −1,459 | +597 | +1,822 | 101.1 | 18.75 |
| 2nd qtr. | 120.8 | 128.1 | −1,613 | +487 | +732 | 102.4 | 19.20 |
| January | 118.6 | 120.1 | +124 | +1,162 | +849 | 101.8 | 15.58 |
| February | 120.6 | 125.9 | −378 | +161 | +643 | 100.7 | 15.81 |
| March | 113.0 | 132.3 | −1,205 | −666 | +360 | 100.7 | 18.75 |
| April | 121.5 | 123.4 | −298 | +407 | +252 | 101.7 | 18.99 |
| May | 120.2 | 131.2 | −695 | + 3 | +201 | 102.0 | 19.17 |
| June | 120.7 | 128.6 | −623 | + 77 | +279 | 103.6 | 19.20 |
| July | 126.6 | 134.0 | −888 | + 12 | +281 | 103.2 | 19.06 |
| August | | | | | | | 18.93 |

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

| | M0 % | M1 % | M3 % | Bank advncs. % | BS inflow £m | HP lending† £m | Base rate % |
|---|---|---|---|---|---|---|---|
| **1985** | | | | | | | |
| 2nd qtr. | 5.1 | 32.4 | 20.4 | 19.2 | 1,523 | 3,062 | 12.50 |
| 3rd qtr. | 5.5 | 15.4 | 11.6 | 17.5 | 1,771 | 3,374 | 11.50 |
| 4th qtr. | 1.4 | 25.1 | 17.8 | 17.7 | 2,289 | 3,431 | 11.50 |
| **1986** | | | | | | | |
| 1st qtr. | 6.5 | 0.0 | 10.7 | 12.2 | 2,229 | 7,385 | 11.50 |
| 2nd qtr. | 2.5 | 33.0 | 33.3 | 28.7 | 1,483 | 7,658 | 10.00 |
| January | 9.8 | 14.6 | 11.1 | 11.4 | 770 | 2,504 | 12.50 |
| February | 4.6 | 5.3 | 6.8 | 9.1 | 793 | 2,491 | 12.50 |
| March | 5.1 | 8.2 | 14.3 | 16.4 | 657 | 2,390 | 11.50 |
| April | 0.3 | 21.5 | 28.6 | 28.5 | 756 | 2,742 | 11.50 |
| May | 3.5 | 42.8 | 30.4 | 27.9 | 500 | 2,372 | 10.00 |
| June | 3.6 | 35.1 | 33.5 | 25.0 | 177 | 2,543 | 10.00 |
| July | 3.7 | 29.1 | 18.5 | 15.9 | 357 | 2,720 | 10.00 |
| August | 5.4 | 18.5 | 11.0 | 17.8 | 452 | | 10.00 |

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

| | Earn-ings* | Basic matls.* | Whsale. mnfg.* | RPI* | Foods* | Reuters* cmdty. | Sterling |
|---|---|---|---|---|---|---|---|
| **1985** | | | | | | | |
| 2nd qtr. | 170.3 | 133.8 | 139.4 | 375.3 | 339.4 | 1,954 | 78.9 |
| 3rd qtr. | 174.4 | 133.1 | 140.2 | 376.3 | 335.5 | 1,706 | 82.2 |
| 4th qtr. | 176.9 | 132.6 | 141.4 | 378.1 | 337.4 | 1,771 | 79.8 |
| December | 180.0 | 134.7 | 141.9 | 378.9 | 339.4 | 1,771 | 79.1 |
| **1986** | | | | | | | |
| 1st qtr. | 179.1 | 132.6 | 143.4 | 380.8 | 343.3 | 1,813 | 75.1 |
| 2nd qtr. | 184.0 | 126.2 | 145.7 | 385.7 | 349.5 | 1,453 | 76.1 |
| January | 176.9 | 135.0 | 142.7 | 379.7 | 341.1 | 1,840 | 76.6 |
| February | 177.9 | 133.5 | 143.3 | 381.1 | 343.6 | 1,808 | 74.2 |
| March | 182.4 | 129.4 | 144.3 | 381.6 | 345.2 | 1,813 | 74.6 |
| April | 184.0 | 127.1 | 145.4 | 385.3 | 347.4 | 1,786 | 76.2 |
| May | 182.3 | 126.7 | 145.9 | 386.0 | 349.8 | 1,763 | 76.1 |
| June | 185.7 | 124.6 | 145.8 | 385.8 | 351.4 | 1,453 | 75.9 |
| July | 188.0 | 120.0 | 145.9 | 384.7 | 347.4 | 1,400 | 74.0 |
| August | | 120.0 | 146.1 | 385.9 | 348.6 | 1,461 | 71.4 |

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

# LONDON RECENT ISSUES

## EQUITIES

| Issue Price | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price | + or – | Net. Div. | Times Cov'd | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| §43 | F.P. | — | 59 | 50 | ‡Broad St. Grp.10p | 54 | ...... | b1.1 | 2.2 | 2.9 | 22.3 |
| 100 | F.P. | 4/9 | 85 | 84 | Child Med C.IT£1‡‡ | 85 | ...... | — | — | — | — |
| §130 | F.P. | 17/10 | 195 | 152 | ‡Creighton Labs 20p | 185 | –3 | U3.7 | 2.2 | 2.8 | 22.4 |
| 160 | F.P. | 24/10 | 146 | 133 | Euro Home Products 5p | 133 | –2 | R4.25 | 2.5 | 4.5 | 10.2 |
| §105 | F.P. | 16/10 | 112 | 105 | ‡Eve Construction | 108 | –2 | u4.5 | 3.2 | 5.9 | 7.6 |
| 134 | F.P. | — | 161 | 134 | ‡F & H Group 10p | 145 | –2 | L4.76 | 2.5 | 4.6 | 12.0 |
| 150 | F.P. | 25/7 | 172 | 150 | Guthrie Corp | 164 | ...... | u5.3 | 2.2 | 4.6 | 10.5 |
| 150 | F.P. | 15/8 | 165 | 156 | Harrison Inds. 10p | 158 | +1 | g5.0 | 2.7 | 4.5 | 11.8 |
| 105.25 | F.P. | — | 108 | 104 | India Fund £1 | 108 | ...... | — | — | — | — |
| — | F.P. | 29/8 | £39 | £36 | JF Pacific Warrant S.A. | £36 | ...... | — | — | — | — |
| §135 | F.P. | — | 154 | 145 | ‡Local London Group 5p | 154 | +2 | W5.0 | 1.8 | 4.6 | 17.3 |
| §75 | F.P. | 24/10 | 79 | 75 | ‡Newage Trans 5p | 75 | ...... | R3.5 | 2.5 | 6.6 | 8.5 |
| §25 | F.P. | 22/10 | 25½ | 25½ | Nth of Scotland Inv 10p | 25½ | ...... | — | — | — | — |
| §33 | F.P. | 29/8 | 34 | 27 | ‡Omnitech 1p | 28 | ...... | — | — | — | — |
| 135 | F.P. | 24/10 | 160 | 151 | Sandell Perkins 10p | 157 | –1 | u3.8 | 2.9 | 3.4 | 14.4 |
| — | F.P. | — | 18½ | 9 | Sutcliffe Speak Wrnts | 18½ | +2 | — | — | — | — |
| 150 | F.P. | 21/8 | 173 | 137 | ‡TV-am 10p | 167 | –1 | R5.75 | 2.6 | 4.8 | 11.2 |
| ■■ | F.P. | — | 385 | 368 | ‡Utd. Trust & Credit £1 | 375 | +5 | u14.0 | 2.1 | 5.3 | 13.0 |
| †† | F.P. | — | 100 | 85 | Welsh Ind. Inv. Tst. 5p | 85 | ...... | — | — | — | — |
| 125 | F.P. | 10/10 | 156 | 137 | Yorkshire TV | 137 | –2 | R6.25 | 2.4 | 6.4 | 9.3 |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price £ | + or – |
|---|---|---|---|---|---|---|---|
| £100 | F.P. | 23/10 | 100½ | 94 | Bournem'th & Dist Wtr 10⅝%Rd Db 1996 | 94½ | +½ |
| ‖ | F.P. | 10/10 | 103p | 96p | Egerton Tst 7% Cv Cm Red Pf | 100p | — |
| ¶¶ | F.P. | 26/9 | 94 | 80 | Hellis 252% Cnv. Subord. Ln. 1988 (2½p) | 80 | ...... |
| — | — | — | 29 | 26½ | JF Pacific Warrant S. A. Pref. | 26½ | — |
| §100 | £10 | — | 9½ | 7½ | Mid-Sussex Water11% Red Deb2012-16 | 8 | +½ |
| §100 | F.P. | 10/10 | 110½p | 105p | Mountleigh 5.25% Cnv. Cum. Prf. | 110p | ...... |
| §99.937 | £25 | 24/10 | 25¼ | 23½ | Nationwide 3⅞% IL Ln. 2021 | 23½ | –½ |
| — | F.P. | — | 100⅛ | 99⅝ | Do 9⅞% 7/9/87 | 99⅝ | — |
| — | F.P. | — | 100⅜ | 99½ | Do 10⅛% 21/9/87 | 99½ | ...... |
| §100 | F.P. | 23/10 | 100⅛ | 94 | Portsmouth Water 10⅝% RedDeb 1996 | 94¼ | ...... |
| ‖ | F.P. | 24/10 | 108½p | 101p | Rush & Tomkins7.5%Cnv.Cum.Red.Prf.£1 | 101p | ...... |
| 96.645 | £25 | 8/1 | 24¼ | 18½ | Scot. Met. Prop. 10¼% 1stMort.Deb.2016 | 18⅝ | –¼ |
| — | F.P. | — | 98p | 96p | Sutcliffe Speak 9½% Red. Cum. Prf. | 98p | +2 |
| ¶¶ | F.P. | — | 122p | 122p | WCRS 55% Cnv. Cum. red. Pref. 1999 | 122p | ...... |

## "RIGHTS" OFFERS

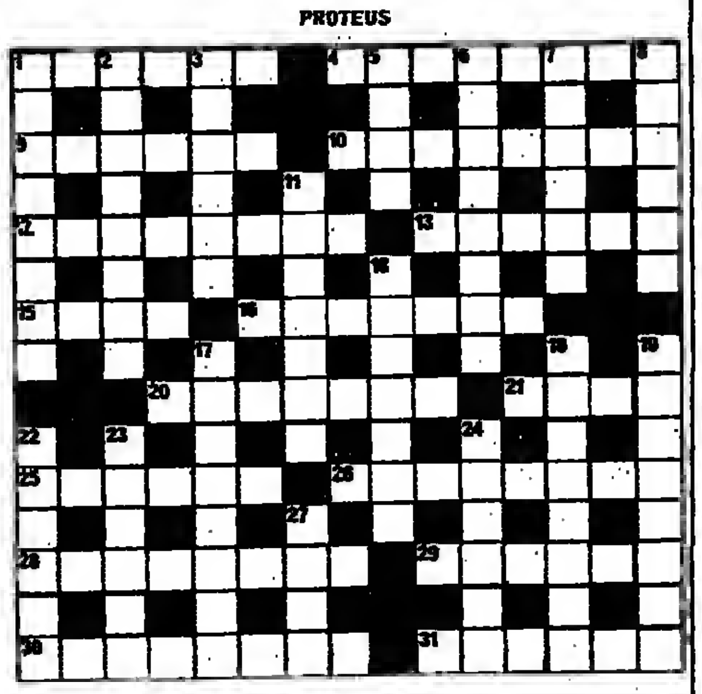
| Issue Price | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price p | + or – |
|---|---|---|---|---|---|---|---|
| 195 | Nil | — | 18pm | 12½pm | Bunzl | 13pm | +½ |
| ‖ | Nil | 24/10 | 1pm | ½pm | Cambium Venture Cap. 5p | 1pm | ...... |
| 25 | Nil | — | 8pm | 8pm | Christy Hunt | 8pm | ...... |
| 215 | Nil | — | 5pm | 3½pm | New Court Nat.Res. 5p | 3½pm | ...... |
| 215 | Nil | 22/10 | 25pm | 13pm | Persimmon 10p | 16pm | ...... |
| 250 | Nil | — | 49pm | 43pm | Tiphook 10p | 48pm | –1 |
| 60 | Nil | — | 13pm | 13pm | United Spring 10p | 13pm | ...... |

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures ι Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖ § Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.



## FT CROSSWORD PUZZLE NO. 6134

PROTEUS



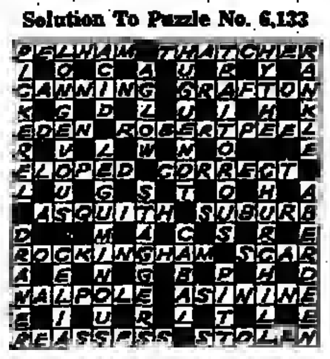
**ACROSS**

1 Artist getting meal from salad root (6)
4 Pornographic literature familiar to Parliamentarians . . . (8)
9 . . . after Queen's bill (6)
10 Repaired and put back in stock (8)
12 Booked for being aloof in manner (8)
13 Issue for example in mere camouflage (6)
15 Still in uniform (4)
16 Lady's costume sounds a bit rough (7)
20 Pulling a quantity of liquor (7)
21 Gave dauphin some holy book (4)
25 Negligent concerning failure to hit target (6)
26 Obvious worker to be taken in by plant (8)
28 Quarrel about boxes for birds (8)
29 Ecclesiastical office causing row at church (6)
30 Begs to be sent out without shedding tear (8)
31 Suit model has to share out? (6)

**DOWN**

1 He is keen to get the facts about drink (8)
2 Underworld flower bringing calamity (8)
3 Man with a right to be on board, cuisnotwithstanding (6)
5 Stagger about with lecherous look (4)
6 A set time perhaps for giving judgment (8)
7 Awful error found by leading yeoman in plantery model (6)
8 Animal-marshal of a kind (6)
11 Soldier to pick up unit by first early train (7)
14 Road surface bringing snake to dead stop (7)
17 Can keep up (8)
18 One who makes good and may go places (8)
19 Artists familiar with the ropes (8)
22 Letter about mincing raw fish (6)
23 Give child paintings? (6)
24 Gaoled with fashionable eleven perhaps (6)
27 Upbraid ladies' organisation for entering race (4)

**Solution To Puzzle No. 6,133**



# AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

**Waverley Asset Management Ltd (a) (c) (g)**
13 Charlotte Sq, Edinburgh 031-225 1551

| | | | | |
|---|---|---|---|---|
| Australasian Gold | 22.4 | 23.9 | -0.5 | 0.15 |
| Pacific Basin | 17.5 | 19.1 | +0.9 | 0.2 |
| Canadian Select Growth | 58.5 | 62.5 | +1.0 | 0.98 |
| Cinder Mae | 101.1 | 105.3 | +0.2 | 7.1 |

**WestAvon Unit Trust Managers Ltd(a)(c)**
9 Portland Square, Bristol BS2 8SS 0272 428431

| | | | | |
|---|---|---|---|---|
| British Smlr Co's (z) | 57.9 | 59.5 | -0.1 | 1.5 |
| British Growth (z) | 66.3 | 68.2 | -0.3 | 2.5 |
| British Income (z) | 66.4 | 68.3 | -0.2 | 4.75 |
| British Extra Yield(z) | 50.0 | 51.4 | +0.2 | 7.0 |

**Whittingdale Unit Trust Managers**
2 Honey Lane, London EC2V 8BT 01-606 9085/6

| | | | | |
|---|---|---|---|---|
| Short Dtd Gilt Fd | 67.7 | 68.8 | +0.1 | — |
| U.S. Govmt Bond Fd | 0.511 | 0.513 | — | — |

**Windsor Trust Mngrs Ltd**
83 Kingsway, London, WC2B 6SD 01-405 8331

| | | | | |
|---|---|---|---|---|
| Growth & Equity Fd | 48.7 | 51.9 | -0.7 | 7.40 |
| Growth Trust | 52.1 | 55.5 | -0.3 | 2.24 |
| Income Trust | 53.8 | 57.3 | -0.1 | 5.07 |

**Wright Seligman Fund Managers Ltd**
11 Blomfield St, London EC2M 7AY 01-588 0592

| | | | | |
|---|---|---|---|---|
| Growth Fund | 69.1 | 72.6 | — | 2.90 |

Weekly dealing day Tuesday

**The Yorkshire General Trust**
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

| | | | | |
|---|---|---|---|---|
| Y.G.T. | 126.7 | 134.8 | -0.3 | 3.23 |

# AUTHORISED UNIT TRUSTS & INSURANCES

# INSURANCES

**AA Friendly Society**
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4NW 0222 35542

| | | | | |
|---|---|---|---|---|
| AA Friendly Sy Aug 12 | | 105.9 | — | — |

**Abbey Life Assurance Co Ltd**
80 Holdenhurst Road, Bournemouth 0202 292373

| | | | | |
|---|---|---|---|---|
| Prop. Ser. 1 | 207.2 | 218.2 | — | — |
| Equity Ser. 1 | 101.4 | 106.8 | -0.8 | — |
| Prop. Acc. Ser 2 | 278.8 | 293.5 | — | — |
| Equity Ser 2 | 110.2 | 116.0 | -1.0 | — |
| Selective Acc. | 236.2 | 248.7 | -1.1 | — |
| Pens. Ser. 4 | 220.1 | 231.7 | — | — |
| Equity Ser. 4 | 113.6 | 119.6 | -0.8 | — |
| Fixed Int. Ser. 4 | 179.8 | 189.3 | +1.9 | — |
| Indexed Inv. Ser. 4 | 112.1 | 118.1 | -0.5 | — |

# INSURANCE, OVERSEAS & MONEY FUNDS

## MANAGEMENT SERVICES

## OFFSHORE AND OVERSEAS

**World Fund S.A.**
2 Boulevard Royal, Luxembourg
World Fund NAV $18.59 +0.04 —

**World Wide Growth Management**
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd $16.43 +0.06 —
Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

**Yamaichi Dynamic Mngt Co SA**
10A Boulevard Royal, Luxembourg
Advanced Tech $17.96 −0.03 —
Dynamic Grwth Fd $19.61 +0.08 —

**Zero Bond Fund Limited**
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund $11.92 12.61 −0.05 —

## Money Market Trust Funds

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **The Charities Deposit Fund** 2 Fore Street, London EC2Y 5AQ 01-588 1815 | | | | |
| Deposit | 9.35 | | | 3-Mth |
| **The Money Market Trust** 63 Qn Victoria St, EC4N 4ST. 01-236 0952 | | | | |
| Call Fund | 8.71 | 6.50 | 9.09 | Mth |
| 7-day Fund | 8.79 | 6.57 | 9.50 | 10.65 |
| **Oppenheimer Money Management Ltd** 66 Cannon St, EC4N 6AE. 01-236 1425 | | | | |
| Call Fnd | 8.99 | 6.72 | 9.62 | 6-Mth |
| 7-day Fund | 9.21 | 6.88 | 9.86 | 6-Mth |
| Dollar | 4.69 | | | 6-Mth |

## Money Market Bank Accounts

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **Adam & Co. plc** 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484 | | | | |
| Full Service Cur Acc | 9.25 | 6.80 | 9.80 | Qtr |
| **Aitken Hume** 30 City Road, EC1Y 2AY. 01-638 6070 | | | | |
| Treasury Acc | 9.25 | 6.91 | 9.90 | Qtr |
| Mth. Int. Chq. | 9.25 | 6.91 | 10.04 | Mth |
| **Allied Arab Bank Ltd** 97-101 Cannon St, London, EC4N 5AD 01-283 9111 | | | | |
| High Int. Cheque Acc | 10.125 | 7.57 | 11.04 | Mth |
| **Bank of Scotland** 38 Threadneedle St, EC2P 2EH. 01-628 8060 | | | | |
| Money Mkt Cheque Acc | 9.30 | 6.95 | 10.11 | Mth |
| **Barclays Prime Account** PO Box 125, Northampton 0604 252891 | | | | |
| High Int. Cheque | 9.50 | 7.00 | 10.12 | Qtr |
| **Benchmark Trust Ltd** 9 Henrietta Place, W1M 9AG. 01-631 3313 | | | | |
| Cap Chq Deposit Acc | 9.25 | 6.91 | 10.04 | Mth |
| **Charterhouse Bank Limited** 1 Paternoster Row, EC4M 7DH. 01-248 4000 | | | | |
| Sterling | 9.50 | 7.10 | 10.38 | Mth |

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. x Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

## TRADITIONAL OPTIONS

### 3-month call rates

| Industrials | p | | p |
|---|---|---|---|
| Allied-Lyons | 30 | NEI | 11 |
| Amstrad | 23 | Nat West Bk. | 48 |
| BAT | 35 | P & O Dfd | 45 |
| BOC Grp. | 28 | Plessey | 18 |
| BSR | 11 | Polly Peck | 16 |
| BTR | 28 | Racal Elect. | 16 |
| Babcock | 17 | RHM | 20 |
| Barclays | 48 | Rank Org Ord | 45 |
| Beecham | 48 | Reed Intnl | 75 |
| Blue Circle | 55 | STC | 16 |
| Boots | 22 | Sears | 12 |
| Bowaters | 30 | TI | 42 |
| Brit Aerospace | 45 | Tesco | 32 |
| Brit. Telecom | 17 | Thorn EMI | 40 |
| Burton Ord | 28 | Trust Houses | 15 |
| Cadburys | 17 | Turner Newall | 18 |
| Charter Cons | 22 | Unilever | 120 |
| Comm Union | 28 | Vickers | 40 |
| Courtaulds | 26 | Wellcome | 12 |
| FNFC | 17 | **Property** | |
| Gen Accident | 75 | Brit Land | 16 |
| Gen Electric | 17 | Land Secs | 30 |
| Glaxo | 85 | MEPC | 32 |
| Grand Met | 34 | Peachey | 24 |
| GUS 'A' | 85 | Samuel Props | 25 |
| Guardian | 75 | **Oils** | |
| GKN | 32 | Brist. Oil & Min. | 2½ |
| Hanson Tst. | 16 | Brit Petroleum | 48 |
| Hawker Sidd. | 48 | Burmah Oil | 30 |
| ICI | 55 | Charterhall | 4 |
| Jaguar | 38 | Premier | 3½ |
| Ladbroke | 32 | Shell | 55 |
| Legal & Gen | 24 | Tricentrol | 11 |
| Lex Service | 28 | Ultramar | 18 |
| Lloyds Bank | 38 | **Mines** | |
| Lucas Inds | 52 | Cons Gold | 48 |
| Marks & Spencer | 18 | Lonrho | 24 |
| Midland Bk. | 44 | Rio T Zinc | 50 |
| Morgan Grenfell | 30 | | |

A selection of Options traded is given on the London Stock Exchange Report Page.

# COMMODITIES AND AGRICULTURE

## LCE in gold futures plan

BY ANDREW GOWERS IN LONDON AND DAVID OWEN IN CHICAGO

RENEWED EFFORTS are being planned to set up a gold futures market in London — this time in co-operation with the established futures market on New York's Commodity Exchange (Comex).

Mr Saxon Tate, chairman of the London Commodity Exchange, is understood to have written to Comex floating the idea that the LCE—which currently trades coffee, sugar and cocoa futures—might introduce gold futures in conjunction with Comex's plans to establish global trading links. This follows the failure of a previous effort to set up an independent gold futures market in London several years ago.

Comex itself is launching a link to gold futures with the Sydney Futures Exchange on November 20. The SFE will trade a 100 troy ounce contract identical to that traded on the floor of Comex. The contract will be cleared in New York, with positions traded interchangeably between the two exchanges.

Now the LCE is considering an attempt to set up a "third leg" for this arrangement. Mr Tate says gold is one of a number of possible new futures contracts under consideration at the LCE, but he declined to comment further yesterday on the possibility of a Comex link. Comex also refused official comment on the issue.

Mr Les Hosking, the SFE chief executive, said he had not discussed the possibility of London's joining in the global gold futures link with the LCE. But he added: "We had in mind a third leg in London when we set it up."

Consideration of a new gold futures contract in London partly reflects fears that the Securities and Investments Board — the embryonic City watchdog — will not permit the off-exchange gold futures trading which currently takes place in the UK on the basis of Comex once Britain's new regulatory structure becomes law.

It is understood that consideration of the idea is at a very early stage, and that Comex has not decided how to respond.

London's previous attempt at a gold futures market — launched in 1982 and finally closed last year — was dogged from the start by problems. It was launched against the background of a dull bullion market; it was denominated in sterling, unlike dollar-priced physical gold; it was competing with the established and highly liquid futures market in New York; and suspicions remain that participants in the bullion market never really wanted it to succeed.

However, the LCE may be taking comfort this time from the recent increase in gold prices, and clearly intends to try to co-operate rather than compete with Comex.

## Brazil acts to ease beef shortage

BY IVO DAWNAY IN RIO DE JANEIRO

THE BRAZILIAN Government has agreed drastic cuts in taxes on beef in an effort to relieve nationwide shortages that have enraged consumers and threatened the administration's electoral prospects.

The move, which involves a cut from 17 per cent to 1 per cent in the rate paid at slaughtering, maintains the price freeze introduced by Mr Jose Sarney, Brazil's President, in February. But the decision to opt for substantial revenue losses rather than price rises will not be welcomed by economists worried by Brazil's public sector deficit.

Earlier this month, the Government took similar action when it bowed to pressure from the tobacco industry for higher prices, by cutting its taxes on cigarettes. The doggedness with which Brasilia is battling to hold prices down is attributed by many analysts as an important factor in the short supply of numerous products from cars to food.

Since the introduction of the anti-inflationary cruzado plan in February, marked rises in real disposable incomes, employment rates and outflows from savings accounts have dramatically increased consumption to levels where industry and farmers have been unable to supply goods fast enough to meet demand.

While inflation has been drastically reduced to about 5.73 per cent over the past five months, critics of the government's strategy claim that immediate action needs to be taken to rein-in public sector expenditure. This is widely expected to exceed the operating deficit of last year, which amounted to 3.3 per cent of gross domestic product.

In a country of meat-eaters, persistent beef shortages over the past four months have proved the most visible, and politically sensitive, area of short supply. Blame for the shortfall and the growth of a black market in meat at prices well above the official ceiling has been attributed by the government to widespread speculation by farmers.

Last week, Brasilia lost patience with the industry, warning that if slaughterings did not begin rapidly, punitive measures including the suspension of farm credits and other aids would be taken.

In his weekly radio broadcast, President Sarney warned: "We are ready to go on the offensive if the sabotage continues."

In a measure that could have long-term implications for the beef industry, the government also ordered the immediate ban on all exports, including those bound by supply contracts.

In spite of these moves, the farmers and processors have continued to protest that short supply is as much a result of traditional seasonal factors, and new demand for breeding stock as price constraints. With minimum black market prices of about Cz 300 ($21.5) per 15 kilos against the fixed rate of Cz 215, few would voluntarily go to market.

Under the deal hammered out between the Government and the industry this week, farmers will now receive some Cz 280 per 15 kilos with the additional cash coming from the reduction of the slaughter tax.

## More tin mines close

THE low price of tin has forced more mines to close in Malaysia, the world's top producer, the Kuala Lumpur government and tin industry say.

At the end of June there were only about 175 mines employing 12,500 workers in operation compared with nearly 250 mines with 16,000 workers at the end of January 1986, Reuters reports.

Malaysia had 460 mines with 23,000 workers before last October's tin market collapse.

## Hopes diminish for Soviet purchases of US wheat

WITH LESS than a week left under a US offer to subsidise wheat sales to the Soviet Union, prospects for Soviet purchases are uncertain and clouded by economic, political and agricultural considerations, reports Reuter from Washington.

Conflicts over contract terms, a reorganisation of Soviet trade agencies, a shortage of hard currency, good crops and an increasingly tense political atmosphere between the US and the Soviet Union all make purchases of US grain by the Soviet Union in the next week doubtful, trade analysts warned.

The analysts cautioned, however, that it was risky to make predictions.

Since August 1, the US has offered 4m tonnes of wheat to the Soviet Union at subsidised prices. The subsidy offer is good only until September 30.

The Soviets, however, have refused to take advantage of USDA's offer and have not purchased a single bushel of US wheat.

## EEC wary of grain plan

BY TIM DICKSON IN BRUSSELS

CONTROVERSIAL ideas for paying farmers an annual incentive to take land out of cereals production have been put forward in Brussels by Britain, currently holding the chair of the EEC presidency. Intended as a basis for discussion at next week's informal meeting of the Community's farm ministers in the Lake District area of north-west England, they seem certain to provoke heated debate among other EEC member states. Mr Ignaz Kiechle, the West German agriculture minister, for example, is known to favour the idea of set asides in principle, but his counterpart in Paris, Mr Francois Guillaum, is notably less enthusiastic. The French not only see such schemes (already applied with mixed results in the US) as an expensive and inefficient means of limiting agricultural output, but fear that implementation of such an idea could be a first step down the unwanted road to cereals quotas.

Britain, meanwhile, has been pushing hard for a measure which it sees as one effective means of bringing the Community's cereals supply back into better balance with demand and reducing the spiralling costs of the EEC's Common Agricultural Policy.

As it turns out, the poor harvest in many parts of Europe this summer has temporarily eased the crisis in the cereals sector, but with export markets under severe pressure and little prospect of any increase in domestic consumption, the outlook over the next few years is bleak.

Stocks purchased under the EEC's guaranteed price support scheme currently stand at more than 15m tonnes but on the basis of present price support levels they could rise to almost 20m tonnes by 1991-92 with unacceptable consequences for the Community and national budgets. Some observers in Brussels feel even those gloomy estimates are optimistic.

The new British discussion document, designed to contribute to the growing debate abo the relationship between structural and market measures to halt surpluses, goes into more detail than before on how an EEC "set aside" programme might work. It suggests such a scheme could remove land from cereals production either permanently or for a minimum of five years through the payment of an annual sum of Ecus 300 per hectare for wheat where the land was to lie fallow, and Ecus 60 per hectare where conversion was made to other crops not in surplus in the Community.

The British assumption is that as with other Commission socio/structural proposals the cost would be shared 25/75 between the Community's budget and national Governments.

The UK calculates that for every 1m hectares fallowed or used for non-agricultural purposes at an aid rate of Ecus 300 per hectare, the net saving after five years after reducting these incentive payments could rise to Ecus 4bn, of which Ecus 3bn would accrue directly to member states. Net savings on land diverted to other crops would be lower because additional Community support would be provided for those crops but if, say, 3m hectares were converted on the basis that half was fallow and the other half was for alternative agricultural commodities the financial bonus over five years could exceed Ecus 10bn.

The paper concludes: "Looked at in terms of unit cost, it would be more economic to pay around Ecus 300 per hectare, equivalent to around Ecus 80 per tonne on yields from poorer than average land, in order to keep land fallow than for grain to be bought up at Ecu 180 per tonne and stored perhaps for the whole period of the scheme."

The Commission, which alone can put forward formal proposals to the Council of Ministers, has not yet formulated a clear response to the British initiative, but has privately at least given the paper a cautious welcome. The Commission is interested in exploring the set aside option which was one of a number of so-called "socio-structural" proposals, among them incentives for early retirement and encouragement for younger farmers, announced in Brussels earlier this year.

Although the British argue that set asides could achieve results more quickly than market orientated policies such as the cereals coresponsibility levy, serious Commission doubts on the technical feasibility are likely to represents as big an obstacle in the Lake District as the inevitable political opposition.

Should the scheme, for example, be voluntary (as the UK suggests) or compulsory? Could it work in Europe, given that average farm sizes in many parts of the EEC tend to be relatively small in contrast with typical US farms?

Can a scheme be designed in such a way that farmers do not simply cash in on the incentives by giving up their marginal land? And above all, will ministers be prepared to accept the budgetary consequences of spending money first in order to make savings later?

Savings from cereals production avoided (assuming 1m hectares laid fallow)

| | 1988 | 1989 | 1990 | 1991 | 1992 | Total 88-92 |
|---|---|---|---|---|---|---|
| **Yield of diverted land assumed to be 80% of EEC average** | | | | | | |
| **Production avoided** (m tonnes) | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 | 22.4 |
| **Stocks avoided** (m tonnes) | 4.3 | 8.6 | 13.1 | 17.7 | 22.4 | 22.4 |
| **Financial savings** (m Ecu) | 850 | 970 | 1,080 | 1,210 | 1,350 | 5,460 |
| **Yield of diverted land assumed to be 60% of EEC average** | | | | | | |
| **Production avoided** (m tonnes) | 3.2 | 3.3 | 3.4 | 3.4 | 3.5 | 16.8 |
| **Stocks avoided** (m tonnes) | 3.2 | 6.5 | 9.8 | 13.3 | 16.8 | 16.8 |
| **Financial savings** (m Ecu) | 640 | 720 | 810 | 910 | 1,610 | 4,090 |

## Market plays oil guessing game

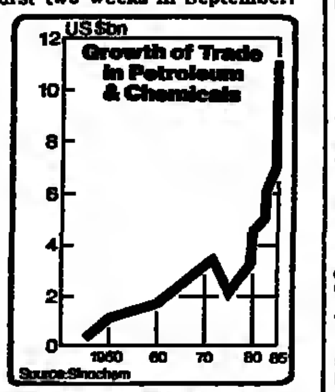
By Max Wilkinson, Resources Editor

AS THE Organisation of Petroleum Exporting Countries approaches half time in its two months production pact, the markets are showing a growing conviction that a new team spirit is being established.

Oil companies and analysts generally confirm the evidence from Opec that production has been cut from over 20m barrels a day in August to less than the 16.8m b/d ceiling which it agreed at the end of its meeting in Geneva last month.

As expected, the United Arab Emirates appears to have been exceeding its quota, but this seems to have been offset by restraint by Saudi Arabia and a reduction of exports by Iraq as a result of attacks on tankers by Iran.

The consensus within the oil industry is that exports have been reduced to about 16.5m b/d or possibly less during the first two weeks in September.



Source: Sinochem

So far this restraint has been clearly rewarded by the markets. Towards the end of July, when it seemed unlikely that Opec could agree any system of production restraint, spot oil prices plunged to about $8.50 per barrel.

Fears that it might slide further helped to persuade the Opec countries to revive their October 1984 production sharing agreement for at least a temporary period. The immediate effect was a rise in oil prices which have hovered uneasily at about $14 to $15 per barrel.

This limited success is extremely important in the new and unstable game which Opec is playing with the expectations of world oil markets.

The new game depends on uncertainty—on keeping the markets and the oil companies guessing and in manipulating the "psychology" of the world's traders into a belief that, however distant the prospect, $18 per barrel is the market's lodestar.

This is the figure which Sheikh Ahmed Zaki Yamani, the Saudi Arabian oil minister, has been steadily infiltrating into the world's consciousness for about a year. His difficulty is that unless Opec engineers an obvious shortage in the market there is no particular reason why oil prices should settle at $18 per barrel rather than $15 or $10.

So long as oil remained in excess supply, prices could be expected to be eroded by competitive forces to a level which would increase demand and cut off supply by enough to create a new market equilibrium. nobody knows what this price would be, but it might well be near $5 per barrel in the short term.

However, Opec has set its production at a level which aims neither at a shortage nor a surplus, but is intended as nearly as possible to match demand. The level of prices is therefore governed much less by fundamental economic forces, than by the market's gamble as to how Opec and other suppliers will respond to the fluctuating changes in stocks and demand as autumn moves into winter.

For Sheikh Yamani, therefore, the positive response of the markets in the first weeks of September cannot have been a foregone conclusion, particularly as oil has continued to pour into Europe and the US as a result of the over-production during the summer months.

Mr Joe Stanislaw, oil analyst for the US-based Cambridge Energy Research Associates, believes that stocks are now being built up at the rate of about 2m b/d to 2.4m b/d compared with a "desired" rate of stockbuilding of only about 1m to 1.5m b/d.

This suggests that, companies are buying more oil than they need now because they expect it to become more expensive, but the increased purchases for stocks is sustaining prices at higher levels than they would otherwise be.

Whether by accident or by some general consensus of will, this has helped to strengthen the fragile morale of Opec at a crucial period. The increase in price has more than offset the group's sacrifice in terms of production volumes. In broad terms, the revenue from 16.8m b/d at $14 per barrel is 12 per cent more than the revenue from 21m b/d at $10 per barrel. Moreover, if Opec can hold the line for long enough to keep the price steady at $15 per barrel, its total revenues would be about 20 per cent higher than in the worst period of this summer.

## LONDON MARKETS

THE COCOA futures market, which has been highly volatile in recent weeks as a result of uncertainty about new season crops, leapt upwards again yesterday after two days of heavy losses. The key December position closed at £1,514.50 per tonne, up £26 on the day. Dealers said commission house buying and short-covering were the main features, and there was a general feeling that the market had previously become oversold. There was also renewed speculation over a possible sharp drop in Ivory Coast production. The raw sugar futures market fell by more than $3 a tonne yesterday after a sharp rise in New York on Tuesday, following what appeared to be unfounded rumours of a large Soviet sugar purchase. Robusta coffee futures experienced some profit-taking to close at the day's lows. November closed at £2,526.50 per tonne, down £1.

LME prices supplied by Amalgamated Metal Trading.

### ALUMINIUM

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 858-60 | +10 | 860/845 |
| 3 months | 816-7 | — | 810/816.5 |

Official closing (am): Cash 845-6 (853-4), three months 815-6 (818.5-9), settlement 846 (854). Final Kerb close: 813.5-4.

Turnover: 33,450 tonnes.

### COPPER

| Grade A | Unoffic'l close | + or — | High/Low |
|---|---|---|---|
| Cash | 928-9 | —0.5 | 925 |
| 3 months | 951-1.5 | — | 950/944 |

Official closing (am): Cash 925-5.0 (928.5-9), three months 948.5-7 (951-1.5), settlement 925.0 (929). Final Kerb close: 951-1.5.

| Standard | | | |
|---|---|---|---|
| Cash | 903-5 | —1 | 901 |
| 3 months | 927-30 | +1 | — |

Official closing (am): Cash 901-2 (903-4), three months 922-4 (928-9), settlement 902 (904). US Producer prices 64-68 cents per lb.

Total turnover: 26,750 tonnes.

### LEAD

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 277.5-8 | +0.5 | 278/277.5 |
| 3 months | 281-0 | +0.1e | 283/281 |

Official closing (am): Cash 277-7.5 (277.8), three months 281.5-2 (281.5-2), settlement 277.5 (278). Final Kerb close: 281-2.

Turnover 5,325 tonnes. US Spot: 23-24 cents per lb.

### NICKEL

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 2610-20 | +56.5 | — |
| 3 months | 2655-60 | +42 | 2680/2658 |

Official closing (pm): Cash 2,575-80 (2,586-90), three 2,632-3 (2,636-7), settlement 2,580 (2,590). Final Kerb close: 2,655-60.

Turnover: 4,272 tonnes.

### TIN

KUALA LUMPUR TIN MARKET: Close 14.15 (14.19) ringgit per kg. Down 0.04 ringgit per kg.

### ZINC

| High grade | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 600.5-1 | —0.25 | 601.5 |
| 3 months | 605-6 | +1 | 606/600 |

Official closing (am): Cash 600.5-1 (600-600.5), three months 605-6 (603-4), settlement 601 (600.5). Final Kerb close: 605-6.

Turnover: 7,425 tonnes. US Prime Western, 55-47.50 cents per lb.

### GOLD

Gold rose $1 to $433½-434½ on the London bullion market yesterday. Trading was relatively quiet, with the market tending to look towards the foreign exchanges, and the performance of the dollar for direction. The metal opened at $435½-436½ and was fixed at $434 in the morning and $431½ in the afternoon. It touched a peak of $438½-439½ and a low of $430-431.

| GOLD BULLION (fine ounce) Sept. 24 | | |
|---|---|---|
| Close | $433½-434½ | (£299½-300¼) |
| Opening | $435½-436½ | (£299½-300¼) |
| M'n'g fix | $434.00 | (£298.179) |
| Aft'n'n fix | $431.50 | (£298.513) |

| GOLD AND PLATINUM COINS | | |
|---|---|---|
| Kr'g'rnd | $453-466 | (£299¼-301¼) |
| ½ Krug | $228¼-230 | (£158¼-169) |
| ¼ Krug | $116¼-117¼ | (£80¼-81) |
| 1/10 Krug | $41¼-48 | (£30½-32¼) |
| Mapleleaf | $446½-449½ | (£308½-310¼) |
| Angel | $443-447 | (£306¼-309) |
| 1/10 Angel | $41-59 | (£32½-36) |
| New Sov. | $102-105 | (£70½-72½) |
| Old Sov. | $105-107½ | (£72¼-74½) |
| $20 Eagle | $415-525 | (£352 e¼-363) |
| Noble Plat | $601-601¼ | (£429¼-437) |

### SILVER

Silver was fixed 2.05p an ounce lower for spot delivery in the London bullion market yesterday at 409.85p. US cent equivalents of the fixing levels were: spot 594.75c, down 0.25c; three-month 603.75c, up 0.3c; six-month 611.7c, down 0.3c; and 12-month 630.15c, up 2.85c. The metal opened at 410.411½p (596-598c) and closed at 408½-411p (593-595c).

| SILVER per troy oz | Bullion Fixing Price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 409.85p | -2.05 | 408p | +0 |
| 3 months | 419.80p | -2.16 | 416p | +0 |
| 6 months | 430.25p | -2.45 | — | |
| 12 months | 451.60p | -0.40 | — | |

LME—Turnover: 6 (39) lots of 10,000 oz. Cash high-low 408.5p, three months high-low 419-417.5, final curb 418-20.

### MEAT

Live cattle prices remained under pressure yesterday due to long liquidation. Pigmeat prices also fell sharply in active trading caused by weaker physical prices creating fresh trade selling, reports Eastern Capital CCST.

| | LIVE CATTLE | | LIVE PIGS | |
|---|---|---|---|---|
| Month | Y'day's close | + or — | Y'day's close | + or — |
| Sept | 96.00 | —1.00 | — | — |
| Oct | 96.00 | —1.00 | 104.50 | +0.50 |
| Nov | 98.50 | +0.50 | 104.90 | —0.50 |
| Feb | — | — | 98.50 | —0.50 |
| Apr | 99.00 | +1.00 | 99.50 | +0.50 |

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 91.24p per kg lw (—2.08). GB—Sheep 118.31p per kg est dcw (—8.17). GB—Pigs 79.34p per kg lw (—0.28). AAPP 101.84p per kg dw.

Cattle sales: 5 (5) lots of 5,000 kg. Pig sales: 0 (11) lots of 3,250 kg.

### INDICES

**REUTERS**

| Sept 23 | Sept 24 | M'th ago | Year ago |
|---|---|---|---|
| 1626.0 | 1645.6 | 1453.2 | 1702.2 |

(Base: September 18 1931=100)

**DOW JONES**

| Dow Jones | Sept 22 | Sept 23 | M'th ago | Year ago |
|---|---|---|---|---|
| Spot | 124.95 | 125.04 | — | 113.61 |
| Fut | 127.75 | 127.15 | — | 116.16 |

(Base: December 31 1931=100)

### MAIN PRICE CHANGES

In tonnes unless otherwise stated.

| | Sept. 24 1986 | + or — | Month ago |
|---|---|---|---|
| **METALS** | | | |
| Aluminium | | | |
| Free Market | $1355/365 | —10 | $1250/280 |
| Copper | | | |
| Cash Grade A | £928.5 | —0.5 | £891 |
| 3 mths | £951.25 | | £894.25 |
| Gold Troy oz | $434 | +1 | $385.25 |
| Lead Cash | £277.75 | +0.5 | £258 |
| 3 mths | £281.5 | —0.75 | £259.62 |
| Nickel | | | |
| Free Mkt | 168/189c | | 172/182c |
| Palladium oz | $144 | | $123.00 |
| Platinum oz | $605.5 | —7.6 | $556.00 |
| Quicksilver† | $120/130 | | $140/150 |
| Silver troy oz | 409.85p | —2.05 | 343.90p |
| 3 mths | 419.80p | —2.15 | 351.65p |
| Tin | | | |
| free mkt | £3760/780 | | £2870/90 |
| Tungsten | $51.25 | | $60.63 |
| Wolfram 22.04lb | $33/42 | | $40/48 |
| Zinc | £600.75 | —0.25 | £557.5 |
| 3 mths | £605.5 | +1 | £555.5 |
| producers | $920 | | $840 |
| **OILS** | | | |
| Coconut (Phil) | $357.5z | +12.5 | $315 |
| Palm Malayan | $222.5r | | $195 |
| Copra (Phil) | $170x | +5 | $140 |
| Soyabean (U.S.) | $169z | | $152 |
| **GRAINS** | | | |
| Barley Fut. Jan. | £110.5 | +0.4 | £107.40 |
| Maize | £154.00 | | £160.50 |
| Wheat Fut. Jan. | £111.0 | | £108.20 |
| No. 0 Hard Wint. | ‡ | | ‡ |
| **OTHERS** | | | |
| Cocoa Ft. Dec. | £1514.5 | +26 | £1443.5 |
| Coffee Ft. Nov. | £2526.5 | —1.0 | £2050.5 |
| Cotton A Ind.* | 48.35c | —0.45 | 37.15c |
| Gas Oil Nov. | $125.75 | +1 | $122 |
| Rubber (kilo) | 65.0p | | 59.25p |
| Sugar (raw) | $124.0w | +3 | $121 |
| Wooltops 64s | 585p kilo | | 565p kilo |

‡ Unquoted. † Per 76-lb flask. c Cents a pound. x Oct. * Cotton outlook. y Nov. z Sept-Oct. w Oct-Nov. r Dec.

### RUBBER

opened slightly easier, attracted very little interest throughout the day and closed idle, reports Lewis and Peat. Closing prices (buyers) Spot 60.00p (65.00p), Nov 63.50p (64.00p), Dec 63.50p (64.00p). The Kuala Lumpur fob price (Malaysian cents a kilo): RSS No. 1 229.0 (230.5) and SMR 206.0 (206.5).

FUTURES—Index 649, Oct 636-646, Oct/Dec 638-646, Jan/March 648-658, April/June 660-665, July/Sept 662-670. Sales: Nil.

### COCOA

Futures today traded in a narrow range and closed quietly near the highs. Physicals were muted with producers continuing withdrawn and only light consumer interest, reports Gill and Duffus.

| COCOA | Yesterday's close £ per tonne | + or — | Business Done |
|---|---|---|---|
| Sept. | 1460-1480 | +18.0 | 1486-1460 |
| Dec | 1514-1515 | +26.0 | 1515-1496 |
| March | 1554-1556 | +19.0 | 1559-1543 |
| May | 1518-1574 | +12.8 | 1577-1565 |
| July | 1590-1591 | +12.0 | 1592-1555 |
| Sept. | 1608-1610 | +11.5 | 1615-1600 |
| Dec | 1628-1630 | +16.5 | 1650-1629 |

Sales: 3,159 (6,339) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for September 24 96.01 (98.26); five-day average for September 25 98.62 (101.65).

### COFFEE

New recent highs yet again in moderate volume reports Drexel Burnham Lambert. Opening unchanged, price fixing and roaster interest pushed levels to new highs before encountering profit taking. By early afternoon with a vulnerable "C" contract, London started to ease on further waves of profit taking, trade support was evident at the lows.

| COFFEE | Yesterday's close | + or — | Business Done |
|---|---|---|---|
| Sept. | 2500-2508 | +11.5 | 2545-2505 |
| Nov | 2525-2528 | —1.0 | 2565-2525 |
| Jan | 2465-2470 | — | 2505-2470 |
| Mar. | 2390-2395 | —5.0 | 2430-2389 |
| May | 2316-2330 | —20.0 | 2414-2348 |
| July | 2375-2380 | —1.5 | 2386-2385 |
| Sept. | 2390-2410 | +7.5 | — |

Sales: 5,124 (6,285) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for September 23. Comp. daily 1979 188.38 (186.77): 15-day average 181.47 (180.89).

### SOYABEAN MEAL

Prices remained steady on good commercial buying against light professional selling. Weaker sterling plus a firmer Chicago were the main factors, reports Muirpace.

| | Y'stard'ys close | + or — | Business done |
|---|---|---|---|
| | £ per tonne | | |
| October | 134.0-135.0 | —0.50 | 134.0 |
| Dec. | 133.0-135.0 | +0.50 | 133.0 |
| Feb. | 134.0-134.5 | +0.50 | 134.0 |
| April | 135.5-136.0 | +0.50 | — |
| June | 135.5-136.5 | +0.15 | — |
| August | 151.5-155.9 | —0.10 | — |
| October | 132.0-155.0 | — | — |

Sales: 168 (152) lots of 20 tonnes.

### GRAINS

Wheat, in dull trading conditions saw values ease on commission house selling before firming on renewed shipper short covering in spot position with barley always looking easier with shipper profit taking keeping values under pressure, reports T. G. Roddick.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yesterday's close | + or — | Yest'rdy's Close | + or — |
| Nov. | 108.16 | +0.45 | 108.6 | +0.18 |
| Jan | 110.50 | +0.40 | 111.00 | —0.18 |
| Mar | 119.66 | +0.36 | 112.90 | —0.25 |
| May | 115.90 | +0.10 | 114.05 | —0.25 |
| July | 117.10 | +0.15 | — | — |

Business done: Wheat: Nov 108.15-7.80, Jan 110.50-0.00, March 112.85-2.40, May 115.00 only, July 117.10-6.95. Sales: 375 lots of 100 tonnes. Barley: Nov 108.40-8.30, Jan 111.00 only, March 112.90 only, May 114.00 only. Sales: 23 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No. 1, 15 per cent: Oct 97.50, Nov 98.75. US No. 2 Soft Red Winter: Oct 98.25, Nov 100.75. French 11½-12 per cent: 130.00. English feed, fob: Oct/Dec 112.50, Jan/March 116.50 paid East Coast. Maize: US No. 3 Yellow / French, transhipment East Coast: first-half Oct 143.00. Barley: English feed, fob: Jan/March 117.00, Oct/Dec 115.00 sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 105.00; E. Mids. 107.10; N. East 108.60; Scotland 105.00. The UK monetary co-efficient for the week beginning Monday September 29 is expected to change to 1.223.

### POTATOES

Reduced yield estimates filtering through to the market from growers continued to offer good support to values today. Prospect of cooler, wetter weather conditions next week also encouraged buying interest which was persistent throughout the day.

After unchanged start, prices quickly ran up through £180.00 basis April, hitting stops on the way to close £1.50 off highs, tone steady, reports Coley and Harper.

| Month | Yesterdays close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Nov | 113.00 | 111.40 | 116.00-111.50 |
| Feb | 133.50 | 130.00 | — |
| Apr | 184.00 | 176.50 | 184.50-176.00 |
| May | 199.50 | 190.00 | — |
| Nov | 76.00 | 85.00 | — |

Sales: 868 (1,271) lots of 40 tonnes.

Sales: 1,296 (969) lots of 40 tonnes.

## US MARKETS

NEW YORK COFFEE futures suffered a setback in the recent strong uptrend, with prices for the December delivery ending 4.5 cents down on the day to finish at 212.17 cents per pound, reports Heinold Commodities. No significant fundamental news was reported, but an early test of 220 cents, a medium-term objective both technically and psychologically, fell just half a cent short when nervousness about the possibility of a convincing push over this point led to considerable Commission House liquidation and the withdrawal of recent trade support. Several analysts nevertheless regarded the close as still veering to the constructive, with values holding firm at newly-established support levels of 210 cents. On the sugar market a succession of neutral to negatively-construed European beet crop estimates only upset nervous traders further, as the October delivery dropped 18 points to finish at 5.11 cents per pound. Volcker's comments suggesting that the dollar had possibly found a comfortable level inspired caution on the precious metals markets, with gold establishing around previous closing levels of $436 per ounce in the December position.

### NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 52.15 | — | — | 52.70 |
| Oct | 52.35 | — | — | 52.70 |
| Nov | 52.55 | — | — | 52.90 |
| Dec | 52.75 | 53.15 | 52.75 | 53.30 |
| Jan | 52.80 | — | — | 53.35 |
| March | 53.00 | 53.25 | 53.20 | 53.60 |
| May | 53.25 | — | — | 53.75 |
| July | 53.50 | — | — | 54.00 |
| Sept | 53.70 | — | — | 54.20 |
| Dec | 53.90 | — | — | 54.30 |

COCOA 10 tonnes, $/tonne

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 2000 | 2018 | 1993 | 1990 |
| March | 2031 | 2049 | 2030 | 2032 |
| May | 2060 | 2079 | 2060 | 2060 |
| July | 2078 | 2093 | 2083 | 2076 |
| Sept | 2083 | 2112 | 2110 | 2086 |
| Dec | 2107 | — | — | 2105 |

COFFEE "C" 37,500 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 212.11 | 219.60 | 210.50 | 216.68 |
| March | 203.88 | 199.80 | 201.50 | 207.75 |
| May | 201.81 | 201.00 | 201.57 | 206.01 |
| July | 201.25 | 206.50 | 201.25 | 205.25 |
| Sept | 201.25 | — | — | 206.00 |
| Dec | 201.75 | 205.00 | 105.00 | 104.50 |

COPPER 25,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 60.50 | 60.60 | 60.10 | 60.45 |
| Oct | 60.60 | — | — | 60.55 |
| Nov | 60.90 | — | — | 60.65 |
| Dec | 61.16 | 61.20 | 60.85 | 61.05 |
| Jan | 61.25 | — | — | 61.15 |
| March | 61.40 | 61.45 | 60.90 | 61.30 |
| May | 61.70 | 61.70 | 61.40 | 61.65 |
| July | 61.85 | 61.80 | 61.70 | 61.85 |
| Sept | 62.20 | — | — | 62.10 |
| Dec | 62.65 | — | — | 62.55 |
| Jan | 62.75 | — | — | 62.65 |
| March | 63.05 | 63.00 | 63.00 | 62.95 |
| May | 63.35 | — | — | 63.25 |
| July | 63.65 | — | — | 63.40 |

COTTON 50,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 45.10 | 45.85 | 44.05 | 44.60 |
| Dec | 45.40 | 45.16 | 44.90 | 45.08 |
| March | 46.00 | 47.20 | 45.75 | 46.13 |
| May | 46.50 | 47.30 | 46.50 | 46.80 |
| July | — | 47.65 | 47.20 | 47.10 |
| Oct | — | 48.70 | 48.05 | 47.35 |
| Dec | 48.90 | 49.00 | 48.25 | 48.30 |

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Nov | 14.58 | 14.76 | 14.50 | 14.45 |
| Dec | 14.70 | 14.88 | 14.53 | 14.58 |
| Jan | 14.64 | 14.86 | 14.57 | 14.61 |
| Feb | 14.52 | 14.72 | 14.50 | 14.41 |
| March | 14.45 | 14.60 | 14.40 | 14.33 |
| April | — | 14.60 | 14.42 | 14.27 |
| May | — | 14.55 | 14.30 | 14.22 |
| June | — | 14.60 | 14.50 | 14.18 |
| July | 14.46 | 14.60 | 14.60 | 14.16 |

GOLD 100 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 431.5 | — | — | 431.2 |
| Oct | 431.9 | 435.0 | 431.6 | 431.8 |
| Nov | 434.2 | — | — | 433.4 |
| Dec | 436.0 | 439.4 | 435.1 | 436.0 |
| Feb | 439.7 | 444.0 | 439.0 | 439.8 |
| April | 443.2 | 446.3 | 443.7 | 443.3 |
| June | 446.8 | 450.5 | 447.4 | 447.0 |
| Oct | 454.8 | 457.5 | 463.0 | 456.1 |

HEATING OIL 42,000 US gallons, cents/US gallons

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | — | — | — | 40.15 |
| Oct | 40.30 | 40.50 | 40.25 | 40.33 |
| Nov | 41.65 | 42.15 | 41.50 | 41.62 |
| Dec | — | 43.50 | 42.80 | 42.87 |
| Jan | 43.80 | 44.40 | 43.80 | 43.77 |
| Feb | — | 44.80 | 44.10 | 44.15 |
| March | 41.70 | 42.30 | 41.70 | 41.70 |
| April | — | 40.80 | 40.40 | 39.35 |
| May | 39.50 | 39.30 | 39.25 | 38.70 |
| June | — | 38.75 | 38.75 | 38.28 |

ORANGE JUICE 15,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | 106.25 | 107.60 | 106.35 | 106.20 |
| Jan | 107.10 | 108.50 | 107.00 | 106.50 |
| March | 107.55 | 109.00 | 107.00 | 106.75 |
| May | 108.25 | 108.70 | 108.00 | 108.15 |
| July | 108.70 | 109.00 | 108.40 | 108.40 |
| Sept | 109.20 | — | — | 109.45 |
| Nov | 108.75 | — | — | 108.75 |

PLATINUM 50 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | — | 607.0 | 603.0 | 604.2 |
| Oct | — | 615.0 | 599.0 | 604.7 |
| Jan | — | 620.5 | 609.0 | 610.4 |
| April | — | 621.0 | 615.0 | 614.4 |
| July | — | 628.5 | 617.0 | 617.4 |
| Oct | — | 632.0 | 623.0 | 622.6 |

SILVER 5,000 troy oz, cents/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 591.3 | 594.5 | 591.0 | 592.5 |
| Oct | 592.3 | — | — | 594.5 |
| Nov | 594.0 | — | — | 595.7 |
| Dec | 597.8 | 602.0 | 596.0 | 600.0 |
| Jan | 600.9 | 604.0 | 604.0 | 603.1 |
| March | 606.9 | 610.0 | 606.0 | 609.1 |
| May | 613.3 | 611.6 | 611.0 | 615.5 |
| July | 619.3 | 624.0 | 620.0 | 622.1 |
| Sept | 627.0 | 629.0 | 627.6 | 628.9 |
| Dec | 637.5 | 642.0 | 638.0 | 638.2 |
| Jan | 642.9 | — | — | 642.2 |
| March | 650.0 | 651.5 | 650.0 | 650.7 |
| May | 658.0 | 657.0 | 657.0 | 658.9 |
| July | 667.3 | — | — | 667.3 |

SUGAR WORLD "11" 112,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 5.11 | 5.33 | 5.08 | 5.29 |
| Jan | 5.72 | 6.00 | 5.85 | 5.82 |
| March | 6.27 | 6.45 | 6.20 | 6.36 |
| May | 6.49 | 6.66 | 6.45 | 6.53 |
| July | 6.66 | 6.84 | 6.66 | 6.78 |
| Sept | | | | |

### CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 59.55 | 60.55 | 59.10 | 60.60 |
| Dec | 58.17 | 57.45 | 56.00 | 57.10 |
| Feb | 55.77 | 56.72 | 55.60 | 56.37 |
| April | 57.20 | 57.80 | 56.80 | 57.60 |
| June | 57.20 | 57.65 | 56.80 | 57.46 |
| August | 56.65 | 56.25 | 55.50 | 56.85 |
| Oct | 56.46 | — | — | 56.45 |

LIVE HOGS 30,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 52.30 | 53.80 | 52.30 | 53.80 |
| Dec | 51.65 | 53.75 | 51.65 | 53.26 |
| Feb | 51.72 | 53.30 | 51.72 | 53.22 |
| April | 46.62 | 48.02 | 46.62 | 48.02 |
| June | 49.25 | 50.52 | 48.82 | 50.32 |
| July | 49.25 | 50.15 | 48.75 | 50.05 |
| August | 46.90 | 48.15 | 46.90 | 48.10 |
| Oct | 44.15 | 44.70 | 44.15 | 44.65 |
| Dec | 44.10 | 44.80 | 44.02 | 44.86 |

MAIZE 5,000 bu min, cents/56-lb bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 172.6 | 175.4 | 172.2 | 171.2 |
| March | 182.6 | 185.0 | 181.6 | 181.2 |
| May | 186.4 | 190.2 | 187.6 | 187.2 |
| July | 190.2 | 191.6 | 188.4 | 189.2 |
| Sept | 185.2 | 187.6 | 185.0 | 185.0 |
| Dec | 180.6 | 181.0 | 180.4 | 180.6 |
| March | 188.0 | 188.2 | 188.0 | 187.4 |

PORK BELLIES 38,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 71.42 | 73.55 | 71.42 | 73.42 |
| March | 70.00 | 72.35 | — | 72.00 |
| May | 69.85 | 72.30 | 69.85 | 71.65 |
| July | 68.62 | 70.86 | 68.50 | 70.62 |
| August | 65.97 | 68.00 | 65.77 | 67.77 |

SOYABEANS 5,000 bu min, cents/60-lb bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | 484.2 | 494.0 | 484.0 | 494.4 |
| Jan | 492.2 | 501.4 | 492.4 | 498.2 |
| March | 501.4 | 509.4 | 501.0 | 504.4 |
| May | 507.0 | 515.6 | 507.0 | 511.4 |
| July | 509.6 | 518.0 | 509.4 | 514.0 |
| August | 506.6 | 517.4 | 508.4 | 513.0 |
| Oct | — | — | — | — |
| Jan | 515.0 | — | — | 519.0 |

SOYABEAN MEAL 100 tons, $/ton

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 150.3 | 152.6 | 150.2 | 150.1 |
| Dec | 151.3 | 153.5 | 151.2 | 151.8 |
| Jan | 151.5 | 154.3 | 151.5 | 152.4 |
| March | 152.7 | 155.6 | 152.5 | 153.5 |
| May | 154.0 | 156.0 | 154.0 | 155.0 |
| July | 154.0 | 156.5 | 154.0 | 155.2 |
| August | 154.2 | 156.5 | 154.0 | 155.5 |
| Sept | 153.0 | 155.0 | 153.0 | 154.0 |

SOYABEAN OIL 60,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 14.34 | 14.44 | 14.32 | 14.43 |
| Dec | 14.93 | 15.23 | 14.92 | 14.99 |
| Jan | 15.05 | 15.36 | 15.05 | 15.12 |
| March | 15.35 | 15.53 | 15.38 | 15.42 |
| May | 15.55 | 15.80 | 15.55 | 15.60 |
| July | 15.71 | 15.95 | 15.71 | 15.80 |
| August | 15.75 | 16.05 | 15.72 | 15.80 |
| Sept | 15.72 | 16.05 | 15.72 | 15.77 |
| Oct | 15.72 | 16.10 | 15.72 | 15.75 |

WHEAT 5,000 bu min, cents/60-lb bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 261.0 | 266.0 | 259.0 | 262.2 |
| March | 257.4 | 259.0 | 255.0 | 257.2 |
| May | 243.0 | 245.6 | 243.0 | 244.0 |
| July | 235.0 | 236.4 | 235.0 | 234.0 |
| Sept | 239.0 | 240.0 | 239.0 | 237.4 |

SPOT PRICES—Chicago loose lard 18.00 (14.00) cents per pound. Handy and Harman silver bullion 593.00 (593.00) cents per troy ounce.

### OIL

Brent traded moderately at higher price levels, although they weakened at times during the day. October Flotta sold at $13 and $13.10. November WTI opened 6 cents up on Nymex and traded 20 cents up at 1.30 pm EDT. In the petroleum products market Naphtha weakened on lack of buying interest. Gas oils assessed slightly weaker, on good prompt availability. Mogas unchanged in thin trade. Fuel oil showed underlying demand but good supply—Petroleum Argus, London.

| CRUDE OIL—FOB ($ per barrel)—Oct. | Latest | Change + or — |
|---|---|---|
| Arab Light | — | — |
| Arab Heavy | — | — |
| Dubai | 13.30-13.50 | +0.30 |
| Brent Blend | 13.75-13.85 | +0.25 |
| W.T.I. (1pm est) | 14.35-14.50 | +0.11 |
| Forcados (Nigeria) | — | — |
| Urals (cif NWE) | — | — |

| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
|---|---|---|
| Premium gasoline | 158-165 | — |
| Gas Oil | 114-117 | —0.5 |
| Heavy fuel oil | 72-76 | —5.5 |
| Naphtha | 114-115 | —3 |

* November.

—Petroleum Argus, London.

### GAS OIL FUTURES

| Month | Yest'rdy's close | + or — | Business Done |
|---|---|---|---|
| | US $ per tonne | | |
| Oct | 120.25 | | 122.00-20.00 |
| Nov | 126.75 | +1.50 | 127.00-24.75 |
| Dec | 130.00 | +0.50 | 130.75-28.25 |
| Jan | 134.00 | +0.25 | 134.00-32.25 |
| Feb | — | | |
| Mar | — | | |
| Apr | — | | |

Turnover: 2,486 (3,180) lots of 100 tonnes.

### SUGAR

The market became very sceptical of Tuesday's rumours in New York that the USSR had purchased a block recently and prices had fallen back some $5 by 5 pm, reports Czarnikow, London.

| No. 6 Contract | Yest'rdy's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Oct | 115.8-116.0 | 112.4-115.8 | 118.8-112.8 |
| Dec | [illegible] | [illegible] | [illegible] |
| Mar | 148.8-142.8 | 149.0-146.4 | 148.5-146.4 |
| May | 147.2 | 145.8-144.8 | 147.0-146.8 |
| Aug | 152.2-148.4 | 148.8-149.4 | 152.4-152.4 |
| Oct | 159.8-157.8 | 156.5-154.0 | — |
| Dec | 160.8-160.0 | 164.4-165.0 | — |

Sales: 2,365 (2,616) lots of 50 tonnes.

LONDON DAILY PRICE—Raw sugar $124.00 (£85.00) up $8.00 (up £4.80) a tonne for October-November delivery. White sugar $176.50 up $7.50.

Tate and Lyle delivery price for granulated basis sugar was £186.50 (£182.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for September 23: Daily price 4.59 (4.47): 14-day average 4.63 (4.64).

PARIS—SUGAR—Dec 1200-1205, March 1220-1225, May 1250-1265, Aug 1285-1295, Oct 1320-1325, Sept 1345.

### FREIGHT FUTURES

Very quiet market with only light hedge selling evident, reports Clarkson Wolff.

| | Close | High/Low | Prev. |
|---|---|---|---|
| **Dry Cargo** | | | |
| Oct. | 810/812.5 | 815/810 | 812/813 |
| Jan. | 818/819 | 810/818 | 816/818 |
| April | 865/858 | 857 | 854/865 |
| July | 760/765 | 760/760 | 750/765 |
| Oct. | 875/880 | 874 | 868/870 |
| Jan. | 865/866 | — | 870/880 |
| Apr. | 940/970 | — | 940/950 |
| July | 850/866 | — | 850/860 |
| BFI | 771.0 | — | 770.5 |

Turnover: 78 (166).

| | Close | High/Low | Prev. |
|---|---|---|---|
| **Tankers** | | | |
| Sept. | 980/1000 | 980 | 950/1020 |
| Oct. | 1180/1140 | — | 1140/1180 |
| Nov. | 1160/1180 | — | 1190/1240 |
| Dec. | 1175/1200 | — | 1180/1200 |
| Mar. | 1100/1130 | — | 1160/1160 |
| June | 1100/1160 | — | 1200/1300 |
| BTI | 982 | — | 1006.5 |

Turnover: 15 (—).
Turnover: 7 (14).

### JUTE

JUTE—July/August, c and f Dundee: BTD $350, BTD $350, BWC $350, BTD $310, BWD $310; c and f Antwerp: BTC $330, BWC $330, BWD $300, BTD $300.

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Confusing comments from US

THE MARKET tried to digest a large amount of information yesterday and at the same time could see no point in committing itself ahead of today's Bundesbank council meeting and the gathering of ministers and bankers in Washington at the weekend, under the auspices of the International Monetary Fund. Mr Paul Volcker, chairman of the Federal Reserve Board, told a Congressional committee that the dollar is reasonably close to an appropriate level, and that the US trade deficit should improve in the fourth quarter or the first quarter of next year. He added that a further decline in the value of the dollar may not be necessary. This contrasted with the comments made by Mr Malcolm Baldrige, US Commerce Secretary, on US television overnight, when he said that stagnant world growth and the US trade deficit will cause the dollar to continue to fall. The general confusion was not helped when Mr Henry Kaufman, of Salomon Brothers, forecast one or possibly two cuts in the US discount rate in the next few months.

The dollar fell to DM 2.0475 from DM 2.0510; to SFr 1.6580 from SFr 1.66; and to Y154.50 from Y154.60, but was unchanged at FFr 6.7075.

On Bank of England figures the dollar's index was unchanged at 110.7.

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3700. August average 1.4870. Exchange rate index fell 0.2 to 68.4, compared with 75.9 six months ago.

Sterling stabilised after the Bank of England intervened to support the pound against the dollar and the D-Mark. This followed very disappointing UK trade figures for August, which suddenly pushed the pound down about 1 cent and 2½ pfennigs. The market had been looking for a visible trade deficit of about £600m to £700m, and a roughly flat current account figure, but the visible deficit was a record £1.49bn and the current account was estimated to be in deficit by a record £886m. The pound was around $1.4475 and DM 2.9650 when the authorities provided support, and although the currency then traded fairly steadily it finished weaker on the day, falling ½ cent to $1.4460-1.4470, and declining to DM 2.9625 from DM 2.9725; to SFr 2.3975 from SFr 2.4050; to FFr 9.7025 from FFr 9.72; and to Y223.50 from Y224.00.

D-MARK — Trading range against the dollar in 1986 is 2.4715 to 1.9900. August average 2.0624. Exchange rate index 140.2 against 133.5 six months ago.

The D-Mark was little changed against the dollar in Frankfurt, as dealers became increasingly reluctant to take a view on future events, ahead of today's West German Bundesbank council meeting, and the meeting in Washington at the weekend of the IMF, to be preceded by private talks among ministers from the Group of Five. The Bundesbank did not intervene at the Frankfurt fixing, when the dollar fell to DM 2.0450 from DM 2.0461.

JAPANESE YEN — Trading range against the dollar in 1986 is 203.70 to 152.55. August average 154.15. Exchange rate index 217.1 against 193.4 six months ago.

The yen traded nervously against the dollar in Tokyo, with the US currency closing at Y154.30, compared with Y154.75 overnight in New York. Tokyo was closed on Tuesday for a public holiday. Dealers were reluctant to take out positions ahead of today's West German Bundesbank council meeting, and the gathering of world bankers and finance ministers in Washington at the weekend. A comment made on US television by Mr Malcolm Baldrige, US Commerce Secretary, about a continued fall in the dollar's value added to the general reluctance to trade. Hopes of lower world interest rates were not encouraged by Mr Satoshi Sumita, governor of the Bank of Japan, who told reporters that Japanese monetary policy had already been sufficiently eased.

### £ IN NEW YORK

| Sept. 24 | Latest | Prev. close |
|---|---|---|
| Spot | $1.4470-1.4480 | $1.4475-1.4485 |
| 1 month | 0.46-0.45pm | 0.46-0.45pm |
| 3 months | 1.22-1.19pm | 1.20-1.17pm |
| 12 months | [illegible] | [illegible] |

Forward premiums and discounts apply to the US dollar

### POUND SPOT—FORWARD AGAINST POUND

| Sept 24 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | [illegible] | 1.4460-1.4470 | [illegible] | [illegible] | [illegible] | [illegible] |
| Canada | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Netherlands | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgium | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ireland | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| W. Ger. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Portugal | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spain | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Switz. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month [illegible].

### DOLLAR SPOT—FORWARD AGAINST DOLLAR

| Sept 24 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | [illegible] | 1.4460-1.4470 | [illegible] | [illegible] | [illegible] | [illegible] |
| Ireland† | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Canada | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Netherlands | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgium | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| W. Germany | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Portugal | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spain | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Switz. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

### EXCHANGE CROSS RATES

| Sep. 24 | £ | $ | DM | YEN | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1. | 1.447 | 2.963 | 223.5 | 9.703 | 2.398 | 3.343 | 2045. | 2.004 | 61.35 |
| $ | 0.691 | 1. | 2.048 | 154.5 | 6.708 | 1.658 | 2.311 | 1414. | 1.385 | 42.40 |
| DM | 0.338 | 0.488 | 1. | 75.44 | 3.275 | 0.809 | 1.128 | 690.4 | 0.676 | 20.71 |
| YEN | 4.474 | 6.472 | 13.26 | 1000. | 43.41 | 10.73 | 14.96 | 9151. | 8.966 | 274.5 |
| F Fr. | 1.031 | 1.491 | 3.053 | 230.4 | 10. | 2.471 | 3.445 | 2108. | 2.065 | 63.23 |
| S Fr. | 0.417 | 0.603 | 1.236 | 93.23 | 4.047 | 1. | 1.394 | 853.1 | 0.836 | 25.59 |
| H Fl. | 0.299 | 0.433 | 0.886 | 66.87 | 2.903 | 0.717 | 1. | 611.9 | 0.600 | 18.35 |
| Lira | 0.489 | 0.707 | 1.448 | 109.3 | 4.744 | 1.172 | 1.634 | 1000. | 0.980 | 30.00 |
| C $ | 0.499 | 0.722 | 1.478 | 111.5 | 4.843 | 1.196 | 1.668 | 1021. | 1. | 30.61 |
| B Fr. | 1.630 | 2.358 | 4.829 | 364.4 | 15.82 | 3.907 | 5.449 | 3335. | 3.267 | 100. |

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

### EURO-CURRENCY INTEREST RATES

| Sept. 24 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| U.S. Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Can Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| D Guilder | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sw. Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Deutschmrk | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Fr. Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italian Lira | 10-13 | 10½-12½ | [illegible] | [illegible] | 11-11⅜ | [illegible] |
| B.Fr.(Fin) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| B.Fr.(Con) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Yen | [illegible] | 5-6⅛ | [illegible] | [illegible] | [illegible] | [illegible] |
| D. Krona | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Asian $ (Sng) | [illegible] | [illegible] | [illegible] | 6-6⅛ | 6-6⅛ | [illegible] |

Long-term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

## FINANCIAL FUTURES

# Volatile trading

GILT FUTURES fell sharply in the London International Financial Futures Exchange yesterday, following the announcement of a record UK trade deficit. Intervention by the Bank of England to support sterling provided the platform for a temporary recovery towards the close but sentiment remained bearish.

The December long gilt opened at 112-31, strongly initially but lacking conviction. A low of 110-24 was touched after the trade figures were announced with stop loss selling triggered on more than one occasion.

Attempts to rally met with a feeble response and although US bonds were better in the afternoon, gilt prices were more concerned with the performance of sterling so that the December price closed at 111-03, down from 113-13 on Tuesday.

US Treasury bonds opened at 94-09 for December delivery, down from 94-13 on Tuesday, and traded between a high of 94-11 and a low of 93-17 before closing at 94-05.

There were no economic factors to influence trading but dealers were less than happy by a number of statements released by various US officials ahead of tomorrow's IMF meeting.

### LIFFE LONG GILT FUTURES OPTIONS

| Strike price | Calls—Last Dec | Mar | June | Sept | Puts—Last Dec | Mar | June | Sept |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Estimated volume total, Calls [illegible], Puts [illegible]. Previous day's open int. Calls [illegible], Puts [illegible]

### LIFFE US TREASURY BOND FUTURES OPTIONS

| Strike price | Calls—Last Dec | Mar | June | Sept | Puts—Last Dec | Mar | June | Sept |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Estimated volume total, Calls [illegible], Puts [illegible]. Previous day's open int. Calls [illegible], Puts [illegible]

### LIFFE £/$ OPTIONS

£25,000 (cents per £1)

| Strike price | Calls—Last Oct | Nov | Dec | Mar | Puts—Last Oct | Nov | Dec | Mar |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Estimated volume total, Calls [illegible], Puts [illegible]. Previous day's open int. Calls [illegible], Puts [illegible]

### LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

| Strike price | Calls—Last Oct | Nov | Dec | Mar | Puts—Last Oct | Nov | Dec | Mar |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 4.60 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.20 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.50 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 4.40 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 8.80 |

Previous day's open int. Calls [illegible], Puts [illegible]. Volume, [illegible]

### PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

| Strike price | Calls—Last Oct | Nov | Dec | Mar | Puts—Last Oct | Nov | Dec | Mar |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Previous day's open int. Calls [illegible], Puts [illegible]. Previous day's volume, Calls [illegible], Puts [illegible]

### LIFFE—EURODOLLAR OPTIONS

$1m points of 100%

| Strike price | Calls—Last Dec | Mar | June | Sept | Puts—Last Dec | Mar | June | Sept |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Estimated volume, Calls [illegible], Puts [illegible]. Previous day's open int. Calls [illegible], Puts [illegible]

### CHICAGO

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

US TREASURY BILLS (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

CERT. DEPOSIT (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 94.32 | 94.32 | 94.32 | 94.28 |
| Dec | — | — | — | 94.21 |

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 93.88 | 93.90 | 93.85 | 93.86 |
| March | 93.78 | 93.79 | 93.73 | 93.72 |
| June | 93.55 | 93.55 | 93.49 | 93.49 |
| Sept | 93.20 | 93.20 | 93.15 | 93.14 |
| Dec | 92.81 | 92.82 | 92.76 | 92.75 |
| March | 92.42 | 92.42 | 92.38 | 92.36 |
| June | 92.04 | 92.04 | 92.00 | 91.98 |
| Sept | 91.68 | 91.68 | 91.64 | 91.61 |

### LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Est volume [illegible]. Previous day's open int [illegible]. Basis quote (clean cash price of 13¼% Treasury 2004-08 less equivalent price of near futures contract) [illegible]

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Est volume [illegible]. Previous day's open int [illegible]

THREE-MONTH STERLING £500,000 points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 89.30 | 89.61 | 89.17 | 89.43 |
| March | 89.36 | 89.70 | 89.33 | 89.58 |
| June | 89.60 | 89.82 | 89.50 | 89.70 |
| Sept | 89.50 | 89.55 | 89.40 | 89.65 |
| Dec | 89.37 | 89.35 | 89.34 | [illegible] |
| March | 89.16 | — | — | 89.27 |

Est volume 9,319 (5,161). Previous day's open int 13,298 (13,215)

FT-SE 100 INDEX £25 per full index point

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | 161.80 |
| Dec | [illegible] | [illegible] | [illegible] | 164.75 |
| March | [illegible] | [illegible] | [illegible] | 167.75 |

Previous day's open int [illegible] (2,273)

THREE-MONTH EURODOLLAR $1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | [illegible] | [illegible] | [illegible] | 93.91 |
| March | [illegible] | [illegible] | [illegible] | 93.77 |
| June | [illegible] | [illegible] | [illegible] | 93.50 |
| Sept | [illegible] | [illegible] | [illegible] | 93.24 |
| Dec | [illegible] | [illegible] | [illegible] | 92.86 |
| March | [illegible] | [illegible] | [illegible] | 92.48 |

Est volume [illegible]. Previous day's open int [illegible] (2,812)

US TREASURY BONDS 8% $100,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | [illegible] | [illegible] | [illegible] | 94-13 |
| March | [illegible] | [illegible] | [illegible] | 94-16 |

Est volume [illegible]. Previous day's open int [illegible]

### STERLING INDEX

| | Sept 24 | Previous |
|---|---|---|
| 8.30 am | 69.5 | 69.0 |
| 9.00 am | 69.5 | 69.0 |
| 10.00 am | 69.7 | 69.1 |
| 11.00 am | 69.6 | 69.1 |
| Noon | 69.3 | 69.1 |
| 1.00 pm | 69.3 | 69.1 |
| 2.00 pm | 69.3 | 69.1 |
| 3.00 pm | 69.3 | 69.5 |
| 4.00 pm | 69.4 | 69.7 |

### CURRENCY MOVEMENTS

| Sept. 24 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 68.4 | [illegible] |
| U.S. Dollar | 110.7 | [illegible] |
| Canadian Dollar | [illegible] | [illegible] |
| Austrian Schilling | [illegible] | [illegible] |
| Belgian Franc | [illegible] | [illegible] |
| Danish Kroner | [illegible] | [illegible] |
| Deutsche Mark | 140.2 | [illegible] |
| Swiss Franc | [illegible] | [illegible] |
| Guilder | [illegible] | [illegible] |
| French Franc | [illegible] | [illegible] |
| Lira | [illegible] | [illegible] |
| Yen | 217.1 | [illegible] |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

### CURRENCY RATES

| Sept. 24 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | [illegible] | 0.707612 |
| U.S. $ | 5½ | [illegible] | [illegible] |
| Canadian $ | [illegible] | [illegible] | [illegible] |
| Austria Sch. | 4 | [illegible] | [illegible] |
| Belgian Fr. | 8 | [illegible] | 43.3681 |
| Danish Kr. | 7 | [illegible] | 7.89607 |
| D'mark | 3½ | [illegible] | 2.09521 |
| Guilder | 4½ | [illegible] | 2.36533 |
| French Fr. | 9½ | [illegible] | 6.85331 |
| Lira | 12 | N/A | 1445.72 |
| Yen | 3½ | [illegible] | [illegible] |
| Norway Kr. | 8 | [illegible] | [illegible] |
| Spain Pta. | — | [illegible] | [illegible] |
| Swedish Kr. | 7½ | [illegible] | [illegible] |
| Swiss Fr. | 4 | [illegible] | [illegible] |
| Greek Drch. | 20½ | N/A | [illegible] |
| Irish Punt | — | N/A | 0.762327 |

* CS/SDR rate for Sept 22: [illegible]

### OTHER CURRENCIES

| Sept. 24 | £ | $ |
|---|---|---|
| Argentina | [illegible] | [illegible] |
| Australia | [illegible] | [illegible] |
| Brazil | [illegible] | [illegible] |
| Finland | [illegible] | [illegible] |
| Greece | [illegible] | [illegible] |
| Hong Kong | [illegible] | [illegible] |
| Iran | [illegible] | [illegible] |
| Korea (Sth) | [illegible] | [illegible] |
| Kuwait | [illegible] | [illegible] |
| Luxembourg | [illegible] | [illegible] |
| Malaysia | [illegible] | [illegible] |
| Mexico | [illegible] | [illegible] |
| N. Zealand | [illegible] | [illegible] |
| Saudi Ar. | [illegible] | [illegible] |
| Singapore | [illegible] | [illegible] |
| S. Af. (Cm) | [illegible] | [illegible] |
| S. Af. (Fn) | [illegible] | [illegible] |
| U.A.E. | [illegible] | [illegible] |

* Selling rate.

### CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.4465 | 1.4418 | 1.4313 | 1.4163 | 1.3885 |

IMM—STERLING Se per £

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 1.4340 | 1.4385 | 1.4300 | 1.4385 |
| March | 1.4190 | 1.4210 | 1.4140 | 1.4280 |
| June | 1.4080 | 1.4100 | 1.4030 | 1.4160 |

LIFFE—STERLING £25,000 $ per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 1.4340 | 1.4463 | 1.4315 | 1.4300 |
| March | 1.4150 | — | — | 1.4165 |
| June | 1.4040 | — | — | 1.4030 |

Est volume 13 (169). Previous day's open int 852 (853)

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu September 24 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 43.1139 | 43.3681 | +0.58 | +0.81 | ±1.5368 |
| Danish Krone | 7.81701 | 7.89607 | +1.01 | +1.26 | ±1.6403 |
| German D-mark | 2.11083 | 2.09521 | −0.83 | −0.58 | ±1.1127 |
| French Franc | 6.87316 | 6.85331 | −0.29 | −0.04 | ±1.3659 |
| Dutch Guilder | 2.37833 | 2.36533 | −0.55 | −0.30 | ±1.5068 |
| Irish Punt | 0.764976 | 0.762327 | −0.35 | −0.10 | ±1.6683 |
| Italian Lira | 1476.95 | 1445.72 | 2.11 | −2.11 | ±4.0734 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## MONEY MARKETS

# UK rates reflect uneasy trend

INTEREST RATES were mixed in the London money market yesterday. Uncertainty about the pound's performance and the outside possibility of higher base rates tended to keep liquidity nearer the short dates. Overnight money opened at 9¼-9½ per cent and moved to a high of 10¼ per cent before slipping away to 7 per cent. Three-month money was quoted at 10⅛-10¼ per cent.

The Bank of England forecast a shortage of around £1,150m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £262m and Exchequer transactions a further £785m. In addition there was a rise in the note circulation of £95m and banks brought forward balances £75m above target. To help alleviate the shortage the Bank offered an early round of assistance which totalled £114m and comprised purchases of £6m of eligible bank bills in band 2 at 9⅞ per cent, £55m in band 2 at 9¾ per cent and £53m in band 4 at 9⅞ per cent.

The forecast was revised to a shortage of around £1,050m and the Bank gave additional help in the morning of £434m through outright purchases of £5m of eligible bank bills in band 1 at 9¾ per cent and band 2 £31m of eligible bank bills and £1m of Treasury bills all at 9⅞ per cent. In band 3 it bought £213m of eligible bank bills at 9¾ per cent and in band 4 £175m of eligible bank bills and £9m of local authority bills all at 9⅞ per cent.

In the afternoon the Bank gave additional help of £514m which comprised outright purchases of £112m of eligible bank bills in band 1 at 9¾ per cent, £124m in band 2 at 9⅞ per cent and in band 3 £127m of eligible bank bills, £29m of local authority bills and £18m of Treasury bills all at 9¾ per cent. In band 4 it bought £104m of Treasury bills at 9⅞ per cent. Total help was £1,062m.

In Frankfurt call money was easier, reflecting increased liquidity levels. The increase came despite a maturing sale and repurchase agreement of DM 6.8bn which was not offset by the receipt of DM 4.8bn through the Bank's latest facility. However traders appeared to agree that funds had found their way into the market as a result of central banks' intervention in the European Monetary System.

**UK clearing bank base lending rate 10 per cent since May 22**

### NEW YORK RATES

(Lunchtime)

| | |
|---|---|
| Prime rate | 7½ |
| Broker loan rate | 6¾-7 |
| Fed funds | 5⅝ |
| Fed. funds at intervention | 5¾ |
| **Treasury Bills & Bonds** | |
| One month | 5.17 |
| Two month | 5.18 |
| Three month | 5.26 |
| Six month | 5.60 |
| One year | 5.76 |
| Two year | 6.39 |
| Three year | 6.66 |
| Four year | 6.82 |
| Five year | 6.97 |
| Seven year | 7.29 |
| 10 year | 7.50 |
| 30 year | 7.70 |

### MONEY RATES

| Sept. 24 | Ov'r-nig't | One Month | Two Months | Three Months | Six Months | Lombard Int'v'n |
|---|---|---|---|---|---|---|
| Frankfurt | 4.15-4.30 | 4.45-4.60 | 4.45-4.60 | 4.45-4.60 | 4.50-4.65 | 5.5 |
| Paris | 7⅛ | 7⅛-7¼ | 7⅛-7¼ | 7⅛-7¼ | 7⅛-7¼ | 7 |
| Zurich | [illegible] | [illegible] | — | [illegible] | — | — |
| Amsterdam | [illegible] | [illegible] | — | [illegible] | — | — |
| Tokyo | 4.55625 | 4.96875 | — | 4.78125 | — | — |
| Milan | 10⅞-11¼ | 10¾-11⅛ | — | 10¾-11⅛ | — | — |
| Brussels | 5.30 | 7¼-7⅝ | — | [illegible] | — | — |
| Dublin | [illegible] | 10-10⅛ | 10¼-10⅛ | [illegible] | 11⅛-11⅜ | — |

### FT LONDON INTERBANK FIXING

(11.00 a.m. September 24)

| Three months US dollars | | Six months US dollars | |
|---|---|---|---|
| bid 6 | Offer 6⅛ | bid 6 | Offer 6⅛ |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### LONDON MONEY RATES

| September 24 | Over night | 7 days notice | Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank | 7-10⅛ | 9⅞-10 | [illegible] | [illegible] | [illegible] | [illegible] |
| Sterling CDs | — | — | [illegible] | [illegible] | [illegible] | [illegible] |
| Local Authority Depos | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Local Authority Bonds | — | — | 10¼ | 10¼ | 10⅜ | 10⅜ |
| Discount Mkt. Depos | 7-10⅛ | 9⅞ | 9¾ | 9¾ | — | — |
| Company Depos | 10-10¼ | 10 | 10 | 10⅛ | 10⅛ | 10¼ |
| Finance House Depos | — | — | 9⅞ | 10¼ | 10⅜ | 10⅛ |
| Treasury Bills (Buy) | — | — | 9⅞ | 9⅞ | — | — |
| Bank Bills (Buy) | — | — | [illegible] | 10 | 10⅛ | — |
| Fine Trade Bills (Buy) | — | — | 10⅛ | 10¼ | 10¼ | — |
| Dollar CDs | — | — | 6.00-6.05 | 5.90-5.95 | 5.90-5.95 | 6.15-6.20 |
| SDR Linked Depos | — | — | [illegible] | [illegible] | [illegible] | [illegible] |
| ECU Depos | — | — | [illegible] | 7⅛-7¼ | 7⅛-7¼ | 7⅛-7¼ |

Treasury Bills (sell): one month 9⅝ per cent; three months 9[illegible] per cent. Bank Bills (sell): one month [illegible] per cent; three months [illegible] per cent. Treasury Bills: Average tender rate at discount 9.8865 per cent. ECGD Fixed per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from September 1 1985. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 8½ per cent; one-three months 9¾ per cent; three-six months 10 per cent; six-nine months 10⅛ per cent; nine-12 months 10⅛ per cent. Under £100,000 9½ per cent from September 23. Deposits held under Series 6 10⅛ per cent. Deposits withdrawn for cash 5½ per cent.



## Contracts & Tenders



## Company Notices



## Clubs

# LONDON SHARE SERVICE

## BRITISH FUNDS

| 1986 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| [illegible] | 100¾ | Exch. 14pc 1986 | 100⅝ | ..... | [illegible] | 10.12 |
| [illegible] | 94⅞ | Exch. 2½pc 1986 | 99¼ | +⅛ | [illegible] | 8.18 |
| 102¾ | 100⅝ | Exch. 13¾pc 1987 | 100⅞ | –⅛ | [illegible] | 10.65 |
| [illegible] | 97⅞ | Treas 10½pcCv '87 | 99¾ | –⅛ | [illegible] | 10.35 |
| [illegible] | 92⅞ | Exch 2½pc 1987 | 97⅞ | ..... | [illegible] | 8.04 |
| [illegible] | 97⅞ | Exch. 10½pc 1987 | 99⅞xd | –⅛ | [illegible] | 10.68 |
| [illegible] | 93⅝ | Funding 6½pc '85-87‡‡ | 98¼ | +⅛ | [illegible] | 9.52 |
| 104⅝ | 96⅞ | Treas. 10pc 1987 | 99⅞ | –⅛ | [illegible] | 10.56 |
| 97⅞ | 90⅝ | Treas 3pc 1987 | 95¾ | –⅛ | 3.15 | 8.57 |
| [illegible] | 99⅝ | Treas. 12pc 1987 | 101⅛ | –⅛ | [illegible] | 10.79 |
| [illegible] | 92⅞ | Treas 7¾pc 1985-88‡‡ | 97 | –⅛ | [illegible] | 10.14 |
| 104 | 96⅞ | Exch 10½pc '88 | 99⅞ | –½ | [illegible] | 10.93 |
| 102⅝ | 95⅝ | Treas 9½pc Cv '88 | 98⅝ | –½ | 9.44 | 10.83 |
| 94¼ | 86⅝ | Transport 3pc '78-88 | 91 | –⅛ | 3.30 | 8.57 |
| 102½ | 93⅞ | Treas. 9½pc '88 | 97⅞xd | –½ | 9.75 | 10.93 |
| 107⅞ | 90⅞ | Treas 11½pc 1989 | 101⅞ | –⅝ | 11.37 | 10.88 |
| 103½ | 93⅝ | Treas 9½pc Cnv. '89 | 97⅝xd | +⅛ | 9.73 | 10.60 |
| 92¾ | 82⅞ | Treas 3pc 1989 | 88 | ..... | 3.41 | 8.14 |
| 105⅞ | 95⅞ | Treas 10½pc 1989 | 98⅝ | –⅝ | 10.65 | 11.07 |
| 104⅞ | 94⅞ | Exch.10pc 1989 | 97⅝ | –⅞ | 10.28 | 11.21 |
| 107⅞ | 97 | Exch 11pc 1989 | 99⅞xd | –⅞ | 11.01 | 11.02 |
| 95⅞ | 84⅝ | Treas 5pc 1986-89 | 89xd | –⅝ | 5.62 | 9.22 |
| 110⅞ | 94⅝ | Exch 10½pcCv '89 | 100⅝ | –⅛ | 10.17 | 9.94 |
| 114⅞ | 103⅞ | Treas 13pc 1990‡‡ | 105⅞ | –⅛ | 12.36 | 11.35 |
| 108⅝ | 97⅝ | Exch 11pc 1990‡‡ | 99⅝ | –⅞ | 11.01 | 11.01 |
| 113⅝ | 101⅞ | Exch. 12½pc 1990 | 104⅞ | –⅝ | [illegible] | 11.02 |
| 89¾ | 79⅝ | Treas. 3pc 1990 | 83½ | –½ | [illegible] | 8.37 |
| 100⅞ | 89⅝ | Treas 8¼pc 1987-90‡‡ | 94⅝ | –⅛ | [illegible] | 10.12 |
| 106⅞ | 93 | Treas. 10pcCv 1990 | 96½xd | –⅞ | [illegible] | 11.11 |
| 86⅞ | 76⅝ | Exch 2½pc 1990 | 80½ | –⅝ | [illegible] | 8.11 |
| 112⅞ | 99⅞ | Treas 11¾pc 1991 | 102¼ | –⅞ | [illegible] | 11.02 |
| 94¼ | 83⅞ | Funding 5¾pc '87-91‡‡ | 88¼xd | –⅞ | [illegible] | 8.97 |
| 86⅝ | 80½ | Treas. 3pc 1991● | 80½ | –⅞ | [illegible] | 8.15 |
| | | **Five to Fifteen Years** | | | | |
| [illegible] | 96⅞ | Exch. 11pc 1991 | 99⅝xd | –1⅝ | [illegible] | 11.11 |
| [illegible] | 103⅝ | Treas 12¾pc 1992‡‡ | 106¼ | –1½ | [illegible] | 11.13 |
| [illegible] | 92⅞ | Treas 10pc 1992 | 95¾ | –1½ | [illegible] | 11.05 |
| [illegible] | 94⅞ | Treas 10½pc Cv 1992‡‡ | 97¾ | –1½ | [illegible] | 11.03 |

## AMERICANS—Cont.

| 1986 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 37⅛ | 28⅛ | Chemical New York | 30⅞ | +⅛ | [illegible] | — | 5.7 |
| 35⅝ | 26⅝ | Chesebrough-Pond's $1 | 31⅛ | +1½ | [illegible] | — | 4.4 |
| 31⅛ | 19⅝ | Chrysler $6¼ | 26 | ..... | [illegible] | — | 3.7 |
| 42⅞ | 33½ | Chicorp $4 | 34⅞xd | –⅛ | [illegible] | — | 4.4 |
| 12⅝ | 774p | CityFed Fin. Corp. | 11 | +⅛ | [illegible] | — | 2.5 |
| 28⅝ | 21½ | Colgate-P. $1 | 25⅞ | –⅛ | [illegible] | – | 3.6 |
| 66⅛ | 42⅞ | Colt Inds. $1 | 65⅞xd | –⅛ | [illegible] | — | 2.6 |
| 24⅞ | 16⅞ | Cons Freightways $0.625 | 24⅞ | +⅞ | [illegible] | — | 2.5 |
| 819p | 399p | Contl Illinois Corp $1 | 414p | ..... | — | — | — |
| 8¾xd | 13½p | Cont. Illinois Hldgs $1 | 16½p | +1½ | — | — | — |
| 640 | 39p | ♦Corporate Data Sces. | 57p | +7 | — | — | — |
| 13⅛ | 480p | Collinet S'twr $0.1 | 507p | –12 | — | — | — |
| 287p | 34p | Damson Oil 40c | 69p | +8½ | — | — | — |
| 23⅞ | 17⅝ | Dana Corp. $1 | 19⅞ | –⅛ | $1.28 | — | 4.4 |
| 33⅝ | 20⅛ | Data General | 22 | –⅞ | — | — | — |
| 24⅝p | 8⅛p | ♦Derma-Lock Medicl | 9p | ..... | — | — | — |
| 79 | 55⅛ | Dun & Bradstreet $1 | 72 | +1⅞ | $2.56 | — | 1.4 |
| 52⅝ | 42⅝ | Eaton Corpn. 50c | 47⅝ | ..... | $1.60 | — | 2.5 |
| 25⅛ | 18⅝ | FPL Group $0.01 | 21⅞ | –⅛ | $2.04 | — | 6.5 |
| 13⅛ | 625p | Fairmont Fin. | 11⅞ | –⅛ | — | — | — |
| 11½ | 505p | Fin. Corpn. Amer. 50c | 516p | –21 | — | — | — |
| 23⅞ | 17⅝ | First Chicago $5 | 19 | ..... | $1.32 | — | 4.7 |
| 42⅛ | 25⅛ | Ford Motor $2 | 37⅞ | ..... | $2.20 | — | 4.0 |
| 28⅞ | 20 | GATX 62½c | 22⅛ | ..... | $1.50 | — | 4.6 |
| 54⅞ | 47⅝ | Gen. Elect. $1⅛ | 49½ | –1⅛ | $2.32 | — | 3.2 |
| 16⅝ | 612p | ♦General Host Corp $1 | 10⅛ | ..... | [illegible] | — | 1.5 |
| 32⅞ | 24 | Gillette $1 | 27 | +⅛ | $2.[illegible] | — | 6.9 |
| 15⅞ | 10 | Gt Am First Svgs Bk $1 | 12⅞xd | –⅛ | [illegible] | — | 1.5 |
| 31⅞ | 23⅛ | Gt. Western Fin. $1 | 27⅛ | –⅛ | [illegible] | — | 3.0 |
| 25⅞ | 18½ | Greyhound $1.50 | 22 | –⅛ | [illegible] | — | 3.9 |
| 20⅛ | 11½ | Hasbro Inc $0.50 | 18⅞ | +⅛ | [illegible] | — | 0.3 |
| 57⅛ | 42 | Honeywell $1.50 | 49⅞ | –⅛ | [illegible] | — | 2.0 |
| 28 | 22⅞ | Hospital Corp Am $1 | 26 | ..... | [illegible] | — | 1.5 |
| 24⅞ | 19⅛ | Houston Inds Incl | 22⅞ | –⅛ | [illegible] | — | 8.5 |
| 112⅞ | 87⅞ | IBM Corpn $1.25 | 95⅞ | –⅛ | [illegible] | — | 3.1 |
| 19⅝ | 12⅞ | IC Industries | 17⅞ | –⅛ | [illegible] | — | 2.8 |
| 38⅛ | 25⅞ | ITT Corpn. $1 | 33⅛ | –½ | [illegible] | — | 2.0 |
| 314p | 141p | ♦Imatron Inc | 198p | +3 | — | — | — |
| 46⅞ | 34⅞ | Ingersoll-Rand $2 | 38½ | –⅛ | [illegible] | — | 4.6 |
| 16⅞ | 12⅞ | Insilco $1 | 14 | +⅛ | [illegible] | — | 4.9 |

## BUILDING, TIMBER, ROADS—Cont.

## DRAPERY & STORES—Cont.

## ELECTRICALS

## ENGINEERING—Continued

## INDUSTRIALS—Continued

## CANADIANS

## BANKS, HP & LEASING

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## FOREIGN BONDS & RAILS

## AMERICANS

مكتبة من الأصل

مكتبة الأصل





## INDUSTRIALS—Continued

| 1986 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 180 | 82 | Midland Mkts | 173 | | [illegible] | 1.0 | 3.3 | 41.5 |
| 78½ | 45 | Mitchell Cotts | 46½ | +½ | [illegible] | 1.3 | 12.9 | (6.6) |
| 124 | 81 | Monks & Crane 10p | 118 | | [illegible] | 2.9 | 3.2 | 14.4 |
| 317 | 210 | Morgan Crucible | 260 | −3 | [illegible] | 1.5 | 4.7 | 17.0 |
| 25½ | 15½ | Morris (W) F.A. 20p | 22½ | | — | — | — | — |
| 152 | 65 | Mysan Grp 10p | 148 | −1 | [illegible] | 2.6 | 2.5 | 18.9 |
| 365 | 259 | NMW Computers | 300 | | [illegible] | 3.8 | 3.0 | 16.1 |
| 66 | 27 | Nash Inds | 63 | +25 | [illegible] | — | 1.1 | — |
| 27½ | 15½ | Neil & Spencer 10p | 19 | | [illegible] | — | — | — |
| 39 | 28 | Newman Inds 10p | 34 | | [illegible] | 1.3 | 3.3 | 26.0 |
| 134 | 65 | Noble & Lund 20p | 121 | −1 | [illegible] | 4.3 | 0.8 | 39.8 |
| 45 | 39 | Norton | 40 | +1 | 10.0 | 7.0 | 3.4 | 5.7 |
| 150 | 96 | Norank Systems 5p | 140 | | [illegible] | — | 1.3 | 17.9 |
| 286 | 187 | Noncrest | 226 | −3 | 9.3 | 2.2 | 5.8 | 10.8 |
| 180 | 49 | Nu-Swift 5p | 157 | −1 | 3.5 | 2.1 | 3.1 | 21.1 |

## LEISURE—Continued

| 1986 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 390 | 263 | LWT | 300 | | [illegible] | 1.9 | 5.3 | 14.3 |
| 187 | 137 | Lee International 10p | 167 | | [illegible] | ◆ | 3.2 | ◆ |
| 46 | 32 | [illegible] 10p | 45 | | — | — | — | 22.0 |
| 115 | 58 | [illegible] Int 10p | 89 | | [illegible] | ◆ | 3.6 | ◆ |
| 117 | 100 | [illegible] | 105 | | [illegible] | 3.3 | 3.3 | 12.1 |
| 98 | 87 | [illegible] Dev. 50p | 87 | −1 | [illegible] | 3.0 | 3.1 | 0.4 |
| 220 | 125 | [illegible] Tech Int 20p | 125 | | [illegible] | ◆ | 3.2 | ◆ |
| 170 | 130 | [illegible] 10p | 145 | −5 | [illegible] | 2.7 | 5.2 | 10.2 |
| 220 | 130 | [illegible] World 10p | 205 | | [illegible] | 3.3 | 3.6 | 11.9 |
| 90 | 62 | [illegible] Leisure | 73 | | [illegible] | 2.3 | 7.2 | (9.7) |
| 17 | 10 | [illegible] Int 20c | 10 | | — | — | — | — |
| 35¾ | 25 | [illegible] Abroad 3p | 33¾ | | 1.5 | 2.3 | 6.3 | 9.6 |
| 90 | 46 | [illegible] (Lnd.) | 67 | | — | — | — | — |
| 34 | 28 | [illegible] Radio NV 5p | 28 | | 2.0 | 1.2 | 10.1 | 11.9 |
| 73 | 25½ | Pineapple 10p | 65 | +3 | — | — | — | — |

## MOTORS, AIRCRAFT TRADES

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## MINES—Continued

### O.F.S.

### Diamond and Platinum

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### Finance

### Australians

### Tins

### Miscellaneous

| 1986 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 103 | 30 | Anglo-Dominion | 85 | −12 | — | — | — |
| 42 | 19½ | Anglo Utd Dev | 25 | | — | — | — |
| 88 | 27 | ΨColby Res Corp | 34½ | −½ | — | — | — |
| 300 | 115 | Cons. Murch. 10c | 285 | −10 | Q100c | ◆ | 15.1 |
| 34 | 24 | ‡Ennex Int. Ir10p | 24 | | — | — | — |
| 123 | 70 | Greenwich Res | 112 | −2 | — | — | — |
| 157 | 95 | Hampton Areas 10p | 146 | | ‡1.0 | — | 1.0 |
| 327 | 165 | ΨHighwood Res | 245 | −2 | — | — | — |
| £20¼ | £13½ | Homestake Mining $1 | £19¼ | −½ | Q20c | — | 0.7 |
| 310 | 156 | ΨMcFinley Red Lake | 206 | −1 | — | — | — |
| 285 | 144 | ΨMinto Explorations | 180 | −17 | — | — | — |
| 51 | 28 | ΨNew Sabina Res C$1 | 33 | −½ | — | — | — |
| 312 | 200 | Northgate C$1 | 303 | −9 | — | — | — |
| 790 | 513 | RTZ | 632 | −2 | 22.0 | 2.4 | 3.8 |
| £164 | £115 | Do. 9½pcLn '95-2000 | £156 | | Q9½% | 15.5 | 17.2 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- Ψ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or − | Stock | Price | + or − |
|---|---|---|---|---|---|
| Albany Inv 20p | 58 | | Fin. 13% 97/02 | £105¼ | −1¼ |
| Craig & Rose £1 | £13½ | | Arnotts | 270 | |
| Finlay Pkg. 5p | 48 | +2 | CPI Hldgs | 46 | |
| Holt (Jos) 25p | 820 | | Carrol Inds | 128 | |
| Ioill Stm. £1 | 73 | −2 | Dublin Gas | 38 | |
| | | | Hall (R. & H.) | 85xd | −3 |
| IRISH | | | Helton Hldgs | 38 | |
| Fund 11¼% 1988 | £100¼ | −¼ | Irish Ropes | 92 | |
| Nat. 9¾% 84/89 | £96½ | | Unidare | 231 | |

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(International Edition Page 27)

# LONDON STOCK EXCHANGE

**Account Dealing Dates**

| First Dealings | Option Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Sept 15 | Sept 25 | Sept 26 | Oct 6 |
| Sept 29 | Oct 9 | Oct 10 | Oct 20 |
| Oct 13 | Oct 23 | Oct 24 | Nov 3 |

*"New-time" dealings may take place from 9.30 am two business days earlier.

# Record trade deficit delivers blow to Gilt-edged market and longer issues tumble

Appalling UK trade returns — the deficit was a record £1.5bn in August — delivered a body blow to the Gilt-edged market yesterday. The figures were way beyond the worst expectations and soon after the news was released the authorities moved to calm financial market anxieties over sterling. For the second successive day, the Bank of England supported the pound and the exchange rate index stabilised to only slightly lower at 69.4.

This latest event in a four-week spell of confidence-draining developments was received badly by Gilt-edged investors. Professional operators who had been heartened by Tuesday's good recovery, which continued during the early trade yesterday, immediately reverted to the bear tack. Potential buyers ran for cover as the market began to experience revived selling pressure and the tone deteriorated throughout the afternoon.

Longer-dated Gilts were hit hard and the early gains, which had extended to ¼, were replaced by falls stretching to two points. The shorts sustained losses ranging to nearly a point, while index-linked issues were similarly lower. Contrasting views from senior US officials on the present level of the dollar added to the uncertainty, awaiting today's meeting of the German Bundesbank. The chance of the council lowering interest rates was thought to be slim.

The expected oversubscription of the Trustee Savings Bank share issue consoled the equity sectors. Details of the enormous cash sums attracted by the flotation will be released on Monday and total receipts are likely to exceed those put up for British Telecom. Funds available for market purchases were again short and at the end of the another drab trading session most blue chips were a shade easier.

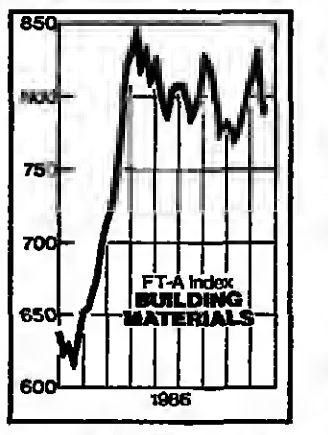
News items provided one or two bright features but turnover overall was light. Grand Metropolitan managed an early flurry on news that, in response to market inquiries, it was confirming negotiations for the sale of US cigarette subsidiary, Liggett. The FT indices furthered Tuesday's downturn, the Ordinary share index closing 7.4 down at 1264.5.

## Bank of Scotland Rise

Bank of Scotland celebrated the better-than-expected 22 per cent increase in first-half profits to £55.2m with a gain of 12 to 435p, after 437p. Royal Bank of Scotland hardened a couple of pence to 342p in sympathy. The major clearers drifted down for want of support with NatWest, firm of late following the application for a listing on the New York Stock Exchange, 4 easier at 543p. Midland relinquished a few pence at 567p and Lloyds softened 2 at 443p. Elsewhere, Standard Chartered edged forward 2 to 712p; the bank announced yesterday that it is seeking a listing on the Tokyo stock exchange. Among merchant banks, English Trust continued to reflect hopes of an overseas bid with a fresh improvement of 2 at 155p and Schroders added 10 more at 775p on further consideration of the lucrative sale of its life insurance businesses and the linked unit trust operation to the National Mutual Life Association of Australia. Hill Samuel, however, dropped 8 at 347p and Mercury International lost 15 at 305p.

Composites gave ground throughout the list. Sun Alliance fell 9 to 679p as did GRE at 784p, while General Accident cheapened 7 at 820p. Among Lloyds Brokers, Derek Bryant provided an isolated firm feature at 225p, up 20.

Housebuilder Barratt Developments provided the only excitement in the Building sector, soaring to a new peak of 166p at one stage before closing 12 higher on balance at 158p in response to the much-better-than-expected preliminary figures. Investors later turned towards fellow housebuilders George Wimpey which report interim figures today and the shares advanced on speculative buying to touch 211p and close 4 dearer on the session at 208p. Elsewhere, BPB Industries lost 8 at 475p as did Tarmac, at 452p, while Walter Lawrence gave up 4 more to 98p on further consideration of the proposed rights issue and vendor placing to help finance the acquisition of Poco Properties, a privately-owned housebuilding concern. Acquisition details left Redland a few pence easier at 436p, while Blue Circle were much quieter and the same amount lower at 563p.




Brent Chemicals lost 7 to 139p, after 136p, following news of the proposed £12.1m rights issue and acquisition of German concern, Joachim Dyes Lackfabrik. ICI drifted ⅛ lower to £10⅞, but revived speculative support lifted Leigh Interests 8 to 116p.

## Stores give ground

Increasing fears of an imminent rise in bank base lending rates continued to put a damper on business among leading Retailers. Most drifted lower throughout with Woolworths finally 10 off at 630p. Losses of 8 were common to Storehouse, 315p, and Dixons, 364p, while Marks and Spencer eased 4 to 197p. Coats Viyella, however, bardeaed a coapla of penca to 490p following interim figures in lina with expectatinns. Ward White eased 2 to 354p following confirmation nf its purchase nf US D-I-Y retailers Builderama for $6m cash. Nervous offerings ahead of today's mid-term statements left Time Products a penny cheaper at 78p, and Superdrug 10 down at 460p.

Electricals provided several aoteworthy movemeats. Ualted Scientific, hoosted recently by persisteat talk of e bid from Pilkingtoa Bros, reacted 8 to 160p oa the uawinding of speculative positions. NEI, scheduled to reveal half-year results next Tuesday, gave up 5 to 91p, hut a revival of speculative huying left Sanleigh 1½ higher at 25½p, nfter 26½p. Logica closed unaltered at 218p, after 222p, following satisfactory interim figures. Ferranti, np to 100p at ona stage, eased back after the chairman's statement at tha annual meeting to settle a coaple of peace dearer nn the day at 98p. Leading issues presented a rather drah appearance, with falls of 4 being recorded in GEC and Plessey at the commna price of 170p.

The Engineering sector remained a relative backwater. Among the occasioaal movements, Cronite featured a rise of 15 at 65p na a burst of speculative demand. Carclo rose 10 to 455p and Hopkinsons a similar amount to 270p, but TI Group, 6 off at 434p, coatiaued to drift lower. Babcock closed a penny easier at 169p following confirmation of Rainbow Corporation's stake of just over 5 per cent in the company. Leading issuea were rarely altered, with Vickers steady at 406p awaiting today's half-year statement.

The leading foods were generally steady to a shade easier on tha day with tha notable exceptioa of Unigate, whicb moved up 3 more to 295p, and it was left to secondary issues to provide most of the interest.

Somportex attracted persistent speculative huying and improved throughout the sessinn to close 13 higher et 230p, while Freshbake coatinned their recent good run and put on 4 to 106p. Elsewhere, J. E. England dipped 5 to 48p on further consideratina of the managemant huyout of its Mosspack subsidiary and the capital reorganisation which leaves Mr P. D. Kempin with e aear 30 per cent stake in tha company.

Grand Metropolitan made early progress and touched 413p nn aews that it is close to agreeing the sale of its US cigarettes and tobacco subsidiary Liggett, but later eased back to close unaltered on balance et 408p. The Liggett news also stimulated good demand for Bats, 13 higher at 553p, and Rothmans International, which moved up 4 to 146p, after 151p.

## Siebe fall afresh

Siebe remained a depressed market, falling 25 further to 770p making a loss 115p since anaouncing a £225m rights issue to partly fund the proposed acquisition of Robertshaw Controls of the US. Elsewhre in the miscellaneous industrial sector, Steetley, reflecting comment on the half-year figures, reacted 10 to 483p. Disappointing interim results prompted a fall of 12 to 135p in James Wilkes, while Macfarlane gave up 7 to 131p for a similar reason. Wellcome, the subject of persistent buying over the past week or so on the prospects of is anti-Aids vacciae, encountered profit-taking and fell 10 to 200p, bat Nash Industries featured a rise of 23 to 63p, after 66p, on news of Mr D. C. Newton's 15.85 per cent stake in the company and bis appointment to the board. Gestetner, bought recently on hid hopes, reacted 4 to 104p. Securiguard, a good market of late, eased a few pence to 128p, following the company's confirmation of acquisition talks with a private cleaaing group. Hawtal Whiting eased 5 to 465p after the interim results, but Robertson Research were aoteworthy for e rise nf 8 at 103p. Leading issues anded on a dull aote. Glaxo settled 13 lower at 952p, while Beecham gave up 4 to 401p and Boots finished 3 lower et 218p.

Julianas fell 3 to 47p following the disappointing results, but GRA attracted renewed speculative support ead closed a couple of pence better at 51p. Elsewhare in the Leisure sector, Pineapple moved up 5 more to 65p.

The withdrawal of US support left Jaguar 10 cheaper at 523p; the shares had also attracted domestic interest recently following favourahla comment ahead of the impending launch of the new XJ saloon. Rover eased a coaple of pence to 30p awaiting today's half-term statement. Components also trended lower with Lucas 7 off at 498p. Jonas Woodhead eased 2 to 70p following the annaal meeting. Distributors, however, provided a buoyant feature in F. G. Gates which advanced 8 more to a year's peak of 96p; the interim results are scheduled for October 8.

Advertising and associated counters provided a aumber of noteworthy movements. Foremost was USM-quoted Trade Promotion Services which were marked 40 higher to 210p as major minority shareholders Britisb Jewellery and Giftware Federation revealed that it had received an approacb from EMAP for its 26 per cent stake in TPS. EMAP A closed a couple of pence dearer at 135p. In contrast, Charles Barker dipped 7 to 133p reflecting disappolatment with the mid-term statement. Further consideration of directors' share sales left Carlton Communications 20 off et 890p. Moss Advertising were unchanged at 80p as the chairman sold just over 50 per cent of the equity to various institutinns. Paper/Printings again highlighted McCorquodale which advanced another 13 to 258p, after 260p, following news that the Monopolies Commission had cleared the bid from Norton Opax; the latter were unchanged et 145p.

Leading Properties moved higher ia thin trading with MEPC closing 8 dearer at 323p in response to Press comment, while Land Securities hardened a couple of pence at 316p. Elsewhere, Southend Stadium continued to reflect development prospects with a fresh gain of 3 to 171p. Trafford Park firmed 5 to 235p in reply to the preliminary results and Country and New Town put oa 2 to 111p following US acquisitinn details. Warnford Investments appreciated 15 et 655p after demand in n thin market. Connells Estate Agents eased a conple of pence to 285p despite the doubled interim dividand payment and higher first-half profits.

Textiles continued to respond to selective tekeover speculation. The session's major recipient proved to be Lister which advanced 9 to 119p amid fresh chatter that ICI's sizeable holding in tha company may be up for sale. Buyers also returned for Robert H. Lewe, 12 up at 162p.

Although the Tokyo market was closed oa Tuesday for the Autumnal Equinox holiday, Far Eastern oriented issues continued to make the running among Investment Trusts. Fleming Japanese improved 12 more to 707p. while Baillie Gifford Japan, 404p, and Drayton Japan, 709p, advanced 8 and 9 respectively. TR Natural Resources rose 8 to 133p ns Wood Mackenzie, ecting on behalf of various investment clients, bid 140p per share for 5.9m shares, representing just under 10 per cent of the equity;

## Lasmo Better

Renewed arbitrage buying and a firm trend in oil prices following a decline in US crude stocks figures helped the oil majors register further gains, albeit in rather thin trading. BP and Shell moved up 7 apiece to 677p and 917p respectively. LASMO opened a shada easier at 108p, reflecting a generally poor Press receptinn given to the sharply reduced half-year profits and the interim dividend omission but picked ap on "cheap" buying and renewed bear closing to end the day 5 up at 115p. Ultramar, where Roa Brierley's IEP Securities recently increased its interest to 13.2 per cent, eased a shada to 143p, while minor profit-taking left rumoured bid target IC Gas a few peace off at 485p. Among the secondary issues Petranol came under pressure and equalled the 1986 low of 30p prior to closing a net 8 cheaper at 32p on news of the proposed £6m rights issue and acquisition of America's Apollo Energy, a private US oil and gas company, for 2.6m new ordinary Petranol shares and $228,000 in cash.

Mining markets suffered another general setback as the bullion price failed to make any substantial progress after Tuesday's decline. The latter opened around $436 but gradually drifted back to $432 before steadying to close little changed on balance at $434. Platinum held relatively steady all day around the $608 level.

Gold shares opened on a quietly mixed note but came under increasing pressure as the day wore on. A static Financial Rand choked off any substantial Johannesburg support, while renewed profit-taking was reported from London and Continental operators. Late in tha day dealers reported modest American interest but this proved insufficient to produce any major recovery trends in the leading issues which closed at, or around their lowest levels. The Gold Mines index retreated 5.7 more to 339.1, e two-day decline of 18.7

South African Financials also gave ground with "Amcoal" finally 10 cheaper at 565p and De Beers 7 lower et 525p.

UK-domiciled Financials did little more than drift easier in line with bullion and the trend la domestic equities. Consolidated Gold Fields and Rio Tinto-Zinc lost a few pence apiece at 553p and 632p respectively.

## Traded Options

Traded Options attracted 18,723 contracts—12,239 calls and 6,484 puts. The expiry of the September series gave the usual boost to business, notably in Hanson Trust which recorded 3,180 calls, 1,729 of which were transacted in the September 180's. Hanson December 200 calls were also wanted and attracted 593 trades. A lively and evenly-balanced business developed for Boots which recorded 1,784 calls and 1,373 puts, while Jaguar accounted for 1,017 calls and 306 puts.

## Traditional Options

- First Dealings Sept 22 Oct 6 Oct 20
- Last Dealings Oct 3 Oct 17 Oct 31
- Last Declaration Dec 18 Jan 8 Jan 22
- For Settlement Dec 29 Jan 19 Feb 2

*For rate indications see end of Unit Trust Service*

Call options were taken out in European Ferries, Hanson Trust, Glanfield Lawrence, Pentland, M.Y. Holdings, Iceland Frozen Foods, Arenson, Sound Diffusion, Buckleys Brewery, Parkdale, Richardson Westgarth, Lasmo, Bejam, Cliff Oil, British Syphon, Burns-Anderson, North Kalgurli and Cronite. No puts were reported, but a double optioa was transacted in North Kalgurli.

## FINANCIAL TIMES STOCK INDICES

| | Sept 24 | Sept 23 | Sept 22 | Sept 19 | Sept 18 | Year ago | 1986 High | 1986 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 83.35 | 84.51 | 83.98 | 84.28 | 84.12 | 83.79 | 94.51 (18/4) | 80.39 (29/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 90.92 | 91.24 | 91.12 | 91.11 | 91.882 | 89.15 | 97.68 (7/7) | 86.55 (23/1) | 105.4 (28/11/47) | 50.53 [illegible] |
| Ordinary ♥ | 1,264.5 | 1,271.9 | 1,282.8 | 1,269.1 | 1,279.6 | 980.6 | 1,425.9 (3/4) | 1,094.3 (14/1) | 1,425.9 (3/4/86) | 49.4 (26/6/40) |
| Gold Mines | 339.1 | 344.8 | 357.8 | 331.2 | 317.2 | 306.3 | 357.8 (22/9) | 185.7 (18/7) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| Ord. Div. Yield | 4.38 | 4.35 | 4.32 | 4.36 | 4.33 | 4.85 | | | | |
| Earnings Yld.% (full) | 10.07 | 10.01 | 9.94 | 10.02 | 9.972 | 11.89 | | | | |
| P/E Ratio (net) (*) | 12.18 | 12.25 | 12.34 | 12.24 | 12.30 | 10.42 | | | | |
| Total Bargains (Est.) | 21,024 | 18,041 | 18,289 | 17,149 | 18,734 | 21,223 | | | | |
| Equity Turnover £m. | — | 525.55 | 377.38 | 510.99 | 560.96 | 343.26 | | | | |
| Equity Bargains | — | 21,304 | 12,760 | 16,190 | 16,746 | 16,454 | | | | |
| Shares Traded (ml). | — | 233.1 | 170.3 | 228.2 | 228.3 | 175.0 | | | | |

**S.E. ACTIVITY**

| Indices | Sept. 23 | Sept. 22 |
|---|---|---|
| Gilt Edged Bargains | 134.9 | 97.8 |
| Equity Bargains | 138.0 | 82.7 |
| Equity Value | 1062.3 | 762.8 |
| 5-Day Average | | |
| Gilt Edged Bargains | 120.3 | 118.0 |
| Equity Bargains | 109.1 | 106.4 |
| Equity Value | 1014.6 | 1018.4 |

| ♥ Opening | 10 a.m. | 11 a.m. | Noon | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| — | 1270.1 | 1269.5 | 1269.1 | 1267.4 | 1267.6 | 1266.8 | 1266.0 |

Day's High 1272.4. Day's Low 1264.5.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35 Gold Mines 12/9/55, SE Activity 1974 *Nil=11.69.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

## YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

| Stock | Closing price | Day's change | Stock | Closing price | Day's change |
|---|---|---|---|---|---|
| Abbey Life | 190 | −1 | Lister | 119 | +9 |
| BAT Inds. | 453 | +13 | McCorquodale | 258 | +13 |
| Barratt Devpts | 158 | +12 | Sun Alliance | 679 | −9 |
| General Accident | 820 | −7 | Sunleigh Elects | 25½ | +1½ |
| Grand Metropolitan | 408 | — | Wellcome | 200 | −10 |
| GRE | 784 | −9 | Wimpey (George) | 208 | +4 |

## TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

| Stock | No. of changes | Tues's close | Day's change | Stock | No. of changes | Tues's close | Day's change |
|---|---|---|---|---|---|---|---|
| ICI | 26 | [illegible] | [illegible] | Britoil | 12 | [illegible] | [illegible] |
| Glaxo | 15 | 965 | −7 | LASMO | 12 | 110 | −7 |
| Brit. Aerospace | 14 | 436 | −12 | [illegible] | 12 | [illegible] | [illegible] |
| BAT | 14 | 634 | −3 | Beecham | 11 | 405 | −3 |
| Appledore (A & P) | 13 | 220 | [illegible] | Cons. Gold Flds. | 10 | 553 | −6 |
| Blue Circle | 12 | 566 | −58 | Wellcome | 10 | 210 | −5 |

†Change based on price at suspension.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 2 | 108 | 3 |
| Corporations, Dom. and Foreign Bonds | 17 | 10 | 42 |
| Industrials | 181 | 331 | 1,019 |
| Financial & Property | 98 | 115 | 367 |
| Oils | 17 | 18 | 79 |
| Plantations | 0 | 1 | 13 |
| Mines | 22 | 73 | 90 |
| Others | 40 | 91 | 63 |
| Totals | 377 | 747 | 1,676 |

## NEW HIGHS AND LOWS FOR 1986

[illegible]

## FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

**EQUITY GROUPS & SUB-SECTIONS**

Figures in parentheses show number of stocks per section

Wednesday September 24 1986

| | Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 27%) | Est. P/E Ratio (Net) | xd adj. 1986 to date | Tues Sept 23 Index No. | Mon Sept 22 Index No. | Fri Sept 19 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (212) | 672.74 | −0.7 | 9.19 | 3.84 | 13.83 | 13.26 | 676.31 | 679.66 | 674.18 | 510.36 |
| 2 Building Materials (26) | 787.60 | −0.8 | 9.95 | 3.70 | 13.93 | 14.81 | 794.11 | 793.74 | 789.07 | 540.04 |
| [illegible] | | | | | | | | | | |

| FT-SE 100 SHARE INDEX ‡ | Index No. | Day's Change | Day's High | Day's Low | Sept 23 | Sept 22 | Sept 19 | Sept 18 | Sept 17 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1603.4 | −6.6 | 1608.5 | 1603.4 | 1610.0 | 1617.1 | 1600.4 | 1614.2 | 1614.8 | 1275.2 |

## FIXED INTEREST

| PRICE INDICES | Wed Sept 24 | Day's change % | Tues Sept 23 | xd adj. today | xd adj. 1986 to date |
|---|---|---|---|---|---|
| **British Government** | | | | | |
| 1 5 years | 119.03 | −0.39 | 119.49 | — | 8.78 |
| 2 5-15 years | 131.04 | −1.51 | 133.05 | — | 9.79 |
| 3 Over 15 years | 137.11 | −1.68 | 139.45 | — | 10.05 |
| 4 Irredeemables | 151.97 | −1.59 | 153.82 | — | 8.90 |
| 5 All stocks | 129.17 | −1.19 | 130.72 | — | 9.54 |
| **Index-Linked** | | | | | |
| 6 5 years | 111.45 | −0.35 | 111.85 | — | 2.08 |
| 7 Over 5 years | 112.52 | −0.80 | 113.43 | — | 2.53 |
| 8 All stocks | 112.28 | −0.73 | 113.11 | — | 2.43 |
| 9 Debentures & Loans | 113.63 | +0.27 | 113.33 | — | 7.51 |
| 10 Preference | 83.44 | −0.28 | 83.68 | — | 4.66 |

**AVERAGE GROSS REDEMPTION YIELDS**

| | Wed Sept 24 | Tues Sept 23 | Year ago (approx.) |
|---|---|---|---|
| British Government | | | |
| 1 Low Coupons 5 years | 9.45 | 9.27 | [illegible] |
| [illegible] | | | |

‡Opening index 1607.5; 10 am 1606.9; 11 am 1607.2; Noon 1608.1; 1 pm 1605.8; 2 pm 1606.6; 3 pm 1605.4; 3.30 pm 1604.1; 4 pm 1603.9.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

## LONDON TRADED OPTIONS

| Option | | Calls Oct. | Calls Jan. | Calls Apr. | Puts Oct. | Puts Jan. | Puts Apr. |
|---|---|---|---|---|---|---|---|
| Allied Lyons (*305) | 300 | 15 | 25 | 37 | 8 | 12 | 17 |
| | 330 | 6 | 13 | 22 | 33 | 35 | 40 |
| | 360 | 2 | 7 | 12 | 58 | 63 | 65 |
| B.P. (*675) | 550 | 130 | 145 | 157 | 1 | 4 | 8 |
| | 600 | 80 | 180 | 120 | 2 | 9 | 17 |
| | 650 | 40 | 62 | 83 | 13 | 25 | 35 |
| | 700 | 11 | 33 | 55 | 37 | 47 | 55 |
| [illegible] | | | | | | | |

| Option | | Calls Nov. | Calls Feb. | Calls May | Puts Nov. | Puts Feb. | Puts May |
|---|---|---|---|---|---|---|---|
| Midland Bk. (*567) | 500 | 85 | 100 | 110 | 2 | 7 | 11 |
| | 550 | 45 | 60 | 75 | 12 | 18 | 27 |
| | 600 | 18 | 30 | 38 | 37 | 42 | 47 |
| P. & O. (*520) | 460 | 62 | 78 | — | 2 | 5 | — |
| | 500 | 25 | 43 | 50 | 6 | 18 | 23 |
| | 550 | 8 | 22 | 33 | 38 | 48 | 53 |
| | 600 | 2 | — | — | 88 | — | — |
| [illegible] | | | | | | | |

September 24. Total Contracts 18,723. Calls 12,239. Puts 6,484. *Underlying security price.

## EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 36,990

A=Ask B=Bid C=Call P=Put

## BASE LENDING RATES

[illegible]

# WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FRANCE · GERMANY · NETHERLANDS · ITALY · NORWAY · SPAIN · SWEDEN · SWITZERLAND · AUSTRALIA · AUSTRALIA (continued) · HONG KONG · JAPAN · JAPAN (continued) · SINGAPORE · SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

## CANADA

TORONTO
*Closing prices September 24*

MONTREAL
*Closing prices September 24*

Sales 6,838,675 shares

## OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 37

## Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

NYSE-Consolidated 1500 Actives

Advances 865 Declines 636

| TORONTO | Sept 24 | Sept 23 | Sept 22 | Sept 19 | 1986 High | 1986 Low |
|---|---|---|---|---|---|---|
| Metals & Minls | 2,217.80 | 2,220.20 | 2,247.7 | 2,218.1 | 2,442.85 (21/3) | 1,917.4 (5/8) |
| Composite | 3,017.30 | 3,006.00 | 3,019.1 | 3,008.4 | 3,129.11 (18/4) | 2,754.8 (17/2) |
| MONTREAL Portfolio | 1,518.18 | 1,514.12 | 1,519.62 | 1,514.12 | 1,623.33 (16/4) | 1,386.6 (22/1) |

* Indicates pre-close figure

** Saturday September 20: Japan Nikkei (c). TSE (c).

Base values of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrials—264.3, and Australia, All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

## LONDON Chief price changes
(in pence unless otherwise indicated)

| RISES | | | FALLS | | |
|---|---|---|---|---|---|
| BAT Inds | 453 | +13 | Tr 11¾ 1991 | £102¾ | −£¾ |
| Bank of Scotland | 435 | +12 | Tr 13¾ '00-03 | £120¼ | −£2 |
| Barratt Dev | 158 | +12 | Tr 2½ IL '16 A | £94½ | −£1 |
| Cronite | 65 | +15 | Barker (Charles) | 133 | −7 |
| Gates (Frank GD) | 96 | +6 | Brent Chemicals | 139 | −7 |
| Lister | 119 | +9 | Glaxo | 952 | −13 |
| MEPC | 323 | +6 | NEI | 91 | −5 |
| McCorquodale | 258 | +13 | Petranol | 32 | −8 |
| Nash Inds | 63 | +23 | Siebe | 770 | −25 |
| Somportex | 230 | +13 | Steetley | 483 | −10 |
| TR Matural Res | 133 | +8 | United Scientific | 160 | −6 |
| Trade Prom Serv | 210 | +49 | Wellcome | 200 | −10 |
| Wimpey (Geo) | 208 | +4 | Wilkes (J) | 135 | −12 |



NOTICE TO HOLDERS OF

**YAMAICHI SECURITIES COMPANY, LIMITED**

Warrants to Subscribe Shares of *Common Stock of Yamaichi* Securities Company, Limited Issued in Conjunction with an Issue of £20,000,000 3¾ per cent. Notes due 1991

Pursuant to Clause 3 of the instrument dated 30th June, 1986 under which the above warrants were issued, notice is hereby given as follows:

1. On 12th September, 1986 the Board *of Directors of the Company resolved to make* a free distribution of shares of its common stock to shareholders of record as of 30th September, 1986, Japan time, at the rate of 0.03 new shares for each share held. The date of issue of such new shares is 14th November, 1986.

2. As a result of such free distribution the subscription price will be adjusted from Yen 1,159 per share to Yen 1,125.20 per share, effective as from 1st October, 1986, Japan time.

YAMAICHI SECURITIES COMPANY, LIMITED
By: The Bank of Tokyo Trust Company
as Disbursement Agent

Dated: September 25, 1986

NOTICE TO HOLDERS OF

**YAMAICHI SECURITIES COMPANY, LIMITED**

Warrants to Subscribe Shares of *Common Stock of Yamaichi* Securities Company, Limited Issued in Conjunction with an Issue of U.S. $30,000,000 3¾ per cent. Bonds due 1993

Pursuant to Clause 3 of the instrument dated 30th June, 1986 under which the above warrants were issued, notice is hereby given as follows:

1. On 12th September, 1986 the Board *of Directors of the Company resolved to make* a free distribution of shares of its common stock to shareholders of record as of 30th September, 1986, Japan time, at the rate of 0.03 new shares for each share held. The date of issue of such new shares is 14th November, 1986.

2. As a result of such free distribution the subscription price will be adjusted from Yen 1,159 per share to Yen 1,125.20 per share, effective as from 1st October, 1986, Japan time.

YAMAICHI SECURITIES COMPANY, LIMITED
By: The Bank of Tokyo Trust Company
as Disbursement Agent

Dated: September 25, 1986

HACHETTE

## CONFIRMATION OF 1986 RESULTS

Unfennded informatioo coocerning Société HACHETTE S.A. has recently resulted in publicly-mads comments: the General Management of the Group therefore wishes to maiotain and confirm the estimates of results which had been announced during the last *General Assembly, i.e. over 200 millioo francs not including* appreciations and depreciatioos. To this figure approximately 200 million francs of appreciations should be added for the fiscal year 1986.

It is underlined that these figures take into account the estimated results of "Europe 1 Communicatioo."

The General Management of the Group wishes to stress the very positive aspect, from the start of the 1986 fiscal year, of the recent purchase of CURTIS CIRCULATION COMPANY. This makes HACHETTE the first world press distributor and reinforces its establishment in the American market, where the success of "ELLE-USA" exceeds all estimates of sales and of advertising revenue.

A more detailed communiqué will be published after the Board Meeting of HACHETTE which will take place on 30 September 1986, to close the half-yearly accounts.

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 26½ | 13⅜ | AAR s | .44 | 1.9 | 16 | 473 | 23⅛ | 22⅝ | 22⅝ | -¼ |
| 30 | 21¾ | ADT | .92 | 3.7 | | 582 | 24⅞ | 24 | 24⅞ | +⅛ |
| 33 | 11½ | AFG s | .06t | .3 | 16 | 323 | 29¼ | 28⅞ | 28⅞ | |
| 25⅞ | 13¾ | AGS | | | 12 | 135 | 17½ | 17 | 17½ | +⅛ |
| 15 | 9⅞ | AMCA | | | 256 | 2 | 10¼ | 10¼ | 10¼ | |
| 60⅝ | 37½ | AMR | | | 15 | 8620 | 58¾ | 56½ | 57¼ | -¾ |
| 27½ | 23¼ | ANR pf | 2.67 | 10. | | 3 | 26 | 26 | 26 | +⅛ |
| 16¾ | 10 | ARX | .71t | 6.3 | 11 | 101 | 11¼ | 11 | 11¼ | +⅛ |
| 41½ | 28¾ | ASA | 2a | 5.1 | | 758 | 40⅛ | 39⅝ | 39⅝ | -⅜ |
| 18⅝ | 9¾ | AVX | | 3.1 | | 268 | 10⅝ | 10⅛ | 10¼ | -¼ |
| 32 | 22⅝ | AZP | 2.72 | 9.1 | 8 | 2298 | 30 | 29½ | 29⅝ | +⅛ |
| 60 | 26⅝ | AbtLb s | .84 | 1.9 | 20 | 3407 | 45⅛ | 44 | 44⅛ | -⅛ |
| 32 | 19⅝ | AccoWd | .56 | 2.1 | 17 | x222 | 26¾ | 26⅛ | 26⅝ | -⅛ |
| 14⅞ | 6 | AcmeC | .40 | 4.9 | | 33 | 16 | 5¾ | 10 | -⅛ |
| 9¼ | 6¼ | AcmeE | .32b | 4.6 | 15 | 2 | 7 | 6⅞ | 7 | |
| 27⅞ | 17 | AdaEx | 1.90e | 9.4 | | 128 | 20⅜ | 20 | 20¼ | +¼ |
| 33⅜ | 16⅞ | AdmMl | .40 | 1.6 | 11 | 67 | 24⅝ | 24⅛ | 24⅝ | +⅝ |
| 20⅝ | 12⅞ | AdvSys | .83t | 5.6 | 13 | 69 | 14⅝ | 14 | 14 | -⅛ |
| 32⅞ | 14⅛ | AMD | | | | 5232 | 17⅞ | 17⅜ | 17⅝ | +¼ |
| 12⅝ | 6⅝ | Adobe n | | | | 29 | 6⅞ | 6¾ | 6⅞ | |
| 16⅝ | 13¾ | Adob pf | 1.64 | 12 | | 91 | 15½ | 15½ | 15½ | |
| 20¼ | 15¼ | Adob pf | 2.40 | 13. | | 27 | 18½ | 18¼ | 18¼ | -¼ |
| 16⅝ | 7⅝ | Advest | .12a | .9 | 19 | 261 | 13½ | 13⅛ | 13⅝ | +⅜ |
| 66¼ | 43⅛ | AetnLf | 2.64 | 4.4 | 16 | 6220 | 59⅞ | 58 | 59½ | +1½ |
| 191½ | 88½ | AetL pf | C2.78e | 3.2 | | 100 | 88¼ | d88¼ | 88¼ | -¼ |
| 28¾ | 9⅞ | Ahmns | .40 | 2.1 | 7 | 3933 | 22¾ | 22 | 22⅝ | +⅜ |
| 5⅞ | 2⅝ | Aileen | | | 50 | 48 | 3⅝ | 3⅝ | 3½ | -⅛ |
| 41⅛ | 26 | AirPrd s | .88 | 2.3 | 63 | 1380 | 35⅝ | 34⅞ | 34⅞ | -¾ |
| 27¾ | 16 | AirbFrt | .88 | 3.6 | 17 | 86 | 19¾ | 19⅛ | 19⅝ | +⅛ |
| 2 | ⅝ | AlMoanl | .60c | | | 139 | 13-32 | 13-32 | 13-32 | -1-32 |

[illegible]

Continued on Page 37

# NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

X Y Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 72¼ | 45¾ | Xerox | 3 | 5.5 | 17 | 1520 | 54⅞ | 54¼ | 54⅝ | −¼ |
| 58¼ | 54 | Xerox pf5.45 | | 9.7 | | 161 | 56½ | 56 | 56¼ | +⅛ |
| 28¼ | 20½ | XTRA | .64 | 2.9 | | 80 | 22½ | 22 | 22¼ | |
| 17⅝ | 13½ | Yorkin s | | | | 168 | 16⅛ | 15¾ | 16 | +⅛ |
| 39 | 27 | ZaleCp 1.40 | | 4.0 | | 78 | 34¾ | 34 | 34¾ | +¾ |
| 9½ | 0¼ | Zapata | .03j | | | 140 | 3½ | 3⅜ | 3½ | +⅛ |
| 43⅞ | 23½ | Zayre s | .32 | 1.3 | 17 | 2631 | 25⅞ | 25¼ | 25½ | +¼ |
| 17 | 07⅞ | Zemex | .40 | 4.0 | 10 | 5 | 10 | 10 | 10 | |
| 29⅞ | 16¼ | ZenithE | | | | 593 | 21 | 20⅝ | 20½ | |
| 18¼ | 8 | ZenLb s | | | 18 | 1960 | 9½ | 9 | 9½ | +⅛ |
| 23⅞ | 13¾ | Zero s | .29 | 2.1 | 14 | 73 | 14½ | 14⅛ | 14⅛ | −⅜ |
| 45¾ | 32¾ | Zurnls 1.32 | | 3.7 | 13 | 80 | 36⅝ | 35⅞ | 35⅞ | |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 19 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 19 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted, vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.



# AMEX COMPOSITE CLOSING PRICES

# OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 35

# FINANCIAL TIMES
## WORLD STOCK MARKETS

WALL STREET

## Cautious approach prevails

WITH HELP from the bond market and stock futures, Wall Street share prices tried to extend their modest pickup into a third day although trading remained cautious and light, *writes Roderick Oram in New York.*

"It's a technical bounce from the mid-month losses," said Mr Newton Zinder of E. F. Hutton. "There's somewhat more to go but there's no change in sentiment (among investors).

Stock index futures were trading at a slight premium to the underlying shares indicating that the advance could continue.

From the opening, the Dow Jones industrial index was above the 1,800 level for the first time in two weeks although the advance was led by second tier shares rather than blue chips. But around midsession it dipped below 1,800 before again pulling above the break-even level by early afternoon.

The Dow Jones industrial average closed up 5.48 points at 1,803.29 while the all share New York Composite Index was up 0.46 points at 136.06. Trading volume was 134.57m shares, the best so far this week.

Although some blue chips rose such as Eastman Kodak up $⅛ at $54¼, General Electric up $1⅛ to $73½ and Exxon up $⅛ to $66¾, many others were lower. IBM was off $1¾ at $137⅛, Alcoa was down $⅝ to $37⅛, Sears Roebuck eased $⅜ to $41⅜ and USX was down $⅛ at $22¾ following the sale of a stake by Mr T. Boone Pickens the corporate raider.

Among the most active, Caterpillar tumbled $5⅛ to $40⅝ on news late Monday that it expected a third quarter loss. Pessimism spread to other groups in the farm and construction equipment industry. Deere was off $⅛ at $23½ and Navistar was down $⅛ to $8.

TWA's forecast of "a substantial fourth quarter profit" lifted its share price $½ to $25⅝. Airlines and road haulage companies have fared well recently as reflected in the Dow Jones Transportation index which set a record Tuesday after gaining 55 points in five sessions. It eased back yesterday, however, showing a loss of 2.25 points to 792.13 at the close.

Plans by Texas Air, up $½ to $32⅞ yesterday, to takeover Eastern Air Lines and People Express raise hopes of greater airline profitability through consolidation. Union Pacific's recent bid for Overnite Transport has focused attention on trucking companies. Yellow Freight System, for example, was up $⅝ to $38⅛ yesterday.

Drug companies attracted attention after three major brokerage houses yesterday recommended buying their shares. Squibb put on $3¾ to $105, Merck gained $2⅞ to $102⅝ and Upjohn rose $1⅞ to $88.

On the takeover scene, Allied Stores rejected the $58 a share bid from Campeau, boosting Allied's shares by $⅛ to $60¾ in anticipation of a higher bid. It also said it was considering recapitalisation and other restructuring moves.

Credit markets opened slightly lower as they waited for testimony to Congress by Mr Paul Volcker, chairman of the Federal Reserve Board. He said more time was needed for the lower dollar to help reduce the trade deficit but he did not expect the currency to fall at the rate it had over the past year.

Dr Henry Kaufman, of Salomon Brothers, repeated yesterday that the recent firming of interest rates is temporary and that he expects the Fed to make one more cut in the discount rate before the end of the year.

Bond prices picked up slowly during the morning with the greatest gains coming again at the long end. The price of the Treasury's bellwether 7.25 per cent issue due 2016 rose almost a full point to 95⅝ at which it yielded 7.62 per cent.

Treasury bill yields rose at the short end and declined at the long. Three month bills gained one basis point to yield 5.25 per cent while six month and 12 month bills both eased by two basis points to 5.36 and 5.45 per cent respectively.

The Treasury auction of four year notes was disappointing after the success on Tuesday of the two-year auction. Yesterday's sale attracted only $16.77bn of bids with a poor response from outside New York. The average yield on the $7.52bn of notes sold was 6.87 per cent down from 7.26 per cent at the previous auction of four-year notes on June 24.

### HONG KONG

STRONG local and foreign demand spurred Hong Kong into record territory taking the Hang Seng index above the 2,000 level for the first time. The index added 15.70 to 1,006.30 compared with the previous peak of 1,997.92 set on September 11.

Turnover was at its highest for seven weeks at HK$771.45m, compared with Tuesday's 560.58m.

The advance was led by the blue chip sector. Cheung Kong rose 90 cents to HK$26.90, Sun Hung Kai 30 cents to HK$16.60 and Hong Kong Land 40 cents to HK$10.40.

Jardine Matheson and Hutchison Whampoa both marked time, unchanged at HK$16.70 and HK$35.75, respectively.

### LONDON

THE ANNOUNCEMENT of a record £1.5bn ($2.17bn) August trade deficit delivered a body blow to the London gilt-edged market.

Looger-dated gilts ended with falls stretching to two points while shorts sustained losses ranging to nearly a point, and index-linked issues were similarly lower.

The expected oversubscription of the Trustee Savings Bank share issue consoled the equity sectors, where turnover was light. The FT ordinary index closed 7.4 down at 1,264.5.

*Chief price changes, Page 35; Details, Page 34; Share information service, Pages 32–33.*

### SOUTH AFRICA

THE RETREAT in gold shares continued in Johannesburg for a third day amid modest but persistent profit-taking and the market now seems to be waiting for a fresh lead from the bullion price.

Among top gold issues, Orange Free State Investments shed R3.50 to R148.50 while in the cheaper range Beatrix lost 75 cents to R14.75.

Mining houses and holding comipanies reflected the fall on the gold board, with Anglo American falling R1.75 to R67.50. Diamond stock De Beers also eased 25 cents to R33.25 and Impala Platinum was off 75 cents to R47.25. Industrials finished narrowly mixed in thin trading.

### SINGAPORE

BARGAIN HUNTING and short covering underpinned a broad Singapore advance which took the Straits Times industrial index up 8.94 to 828.76, despite some late profit-taking.

An assurance by the Malaysian Prime Minister that the ringgit would not be devalued, after recent persistent rumours, helped the mood.

Among actively traded issues, Chuan Hup put on 8 cents to S$1.59.

Cold Storage was 6 cents ahead at S$3.90 after announcing higher interim profits. Public Bank traded unchanged at S$1.05 after announcing improved profits.

### AUSTRALIA

EARLY PROFIT-TAKING gave way to selective demand for leading industrials in Sydney, taking the All Ordinaries index up 1.5 to close at 1,235.6.

Herald and Weekly Times was again heavily traded, ending 20 cents higher at A$6.90, for a three day rise of 70 cents. IEL, which has confirmed it holds 11.83 per cent of Herald's issued capital, eased 4 cents to A$7.24.

### CANADA

A BROADLY HIGHER trend was seen in Toronto, bolstered by a stronger showing by gold shares. Placer Development traded C$¼ higher at C$32⅜ and Campbell Red Lake C$⅛ at C$29.

Shell Canada edged C$⅛ firmer to C$22⅞ after announcing it was suspending drilling off Canada's east coast.

Among active issues, Power Corp held unchanged at C$16⅛ while Pagurian shed C$⅜ to C$12⅞ and Abitibi-Price rose C$¼ to C$23¼.

TOKYO

## Demand for blue chips revives

LEADING investment trust companies' heavy purchases of large-capital and blue-chip stocks revived buying in Tokyo and drove share prices sharply higher, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei market average, which regained the 16,000 level at one stage, ended a net 249.46 higher at 17,955.76. Volume swelled to 779.56m shares from Monday's 300.66m. Advances outnumbered declines by 525 to 304, with 139 issues unchanged.

The mood was brightened by the continued steady undertone on Wall Street and expectations that the Bundesbank would lower its official discount rate shortly. Institutional investors are also expected to be active purchasers once trading for delivery in October starts on Friday.

Investment trusts were heavy buyers of blue-chips and issues related to the Government's fiscal investment and loan programme, buoying sentiment overall.

Hitachi jumped Y35 to Y1,000, Toshiba Y27 to Y746, NEC Y50 to Y2,090 and Matsushita Electric Industrial Y30 to Y1,670.

Construction issues attracted strong buying interest, with Kumagai Gumi advancing Y40 to Y1,120 and Hasegawa Komuten Y20 to Y1,290.

Among other issues expected to benefit from domestic demand expansion, Mitsubishi Estate rose Y100 to Y2,300 and Mitsubishi Warehouse Y30 to Y1,340.

Nippon Kokan topped the active list with 200.23m shares traded and added Y22 to Y312, while Ishikawajima-Harima Heavy Industries, second with 81.11m shares, ended Y21 higher at Y509. Tokyo Gas reached Y1,020 up Y41. These issues were bolstered by redevelopment projects in the Tokyo Bay area.

Their brisk showing triggered rises in large-capital stocks. Kawasaki Steel gained Y16 to Y245 and Nippon Steel Y10 to Y213. Tokyo Electric Power rose Y160 to Y6,560.

Last weekend the "big four" securities houses held separate meetings to discuss strategy for the business year starting on October 1. There are market rumours that they have opted for large-capital stocks, domestic bond related issues and high-technology stocks related to Nippon Telegraph and Telephone for recommendation to customers.

Bond trading was lacklustre, with institutional investors remaining on the sidelines.

In the morning, the Bank of Japan offered to buy three issues of government bonds worth Y50bn, including the benchmark 6.2 per cent bond maturing in July 1995, from six banks and four securities houses.

As a result, the price of the benchmark issue rose sharply and its yield fell to 4.630 at one stage. Another positive factor behind the early price rise was the sharp overnight gain in New York bond prices caused by the rumours of the West German Bundesbank cutting its discount rate.

Later, however, selling increased gradually, taking the yield to 4.645 per cent compared with 4.685 per cent at Monday's close.

EUROPE

## Fiat remains at centre of attention

A WAVE of profit-taking saw key European bourses close mixed or lower following Tuesday's rally, while trading was generally thinner as investors awaited the outcome of finance ministers' talks in Washington this weekend.

The proposed sale of Libya's 15 per cent stake in Fiat, the Italian carmaker, continued at the centre of attention. In **Frankfurt** shares in Deutsche Bank, which is placing two-thirds of the shareholding, fell back after a fresh rally early in the day to end DM 12.50 lower at DM 793. Speculative buyers took profits, while some investors indicated they did not share the wider optimism about the success of the placement.

Other banks were hit amid expectations that the Bundesbank was now unlikely to cut interest rates at its council meeting today. Commerzbank was off DM 6.50 at DM 332 and Dresdner closed DM 5 down at DM 420. Among carmakers, VW lost ground after performing strongly recently, finishing DM 6.30 lower at DM 490.20, while Porsche ended DM 8 down at DM 1,030 after announcing higher sales and satisfactory profits but warning that exports had become more difficut.

Bonds ended a quiet session mixed to easier as foreign and domestic investors stayed on the sidelines ahead of the Bundesbank and Washington finance meetings. The Bank sold only DM 20.4m of domestic paper after DM 100.9m on Tuesday.

In **Milan**, activity again centred on Fiat and Montedison, as well as insurances and some banking stocks, and prices closed mixed. Profit-taking depressed Fiat shares by L50 to L16,450 and IFI, its parent company, fell back L660 to L31,850. However, Montedison, the chemical group, improved by L170 to L3,430 on continuing speculation about changes in its shareholder makeup.

Insurances closed generally higher, while the banking sector saw Mediobanca, which will receive some of the Fiat shares, rise L2,500 to L262,500.

**Paris** began mixed to weaker in reaction to Tuesday's strong, but prices picked up partially in later business.

Construction issues were again firmer, with Bouygues jumping FFr 75 to FFr 1,420 for a two-day rise of FFr 150, and Beghin Say up FFr 23 to FFr 525.

Among losing blue chips L'Oreal was down FFr 56 to FFr 3,614, Moet FFr 29 to FFr 2,172, Carrefour FFr 35 to FFr 3,390 and Galeries Lafayette FFr 50 to FFr 1,135.

A hesitant mood emerged in **Zurich** with investors reluctant to embark on new strategies ahead of the IMF's annual meeting in Washington at the weekend.

**Amsterdam** was mixed in dull trading. Among the internationals, Hoogovens fell Fl 1.60 to Fl 63, while Royal Dutch managed a 60 cent rise to Fl 207.50.

Bond prices were little changed in dull low volume trading.

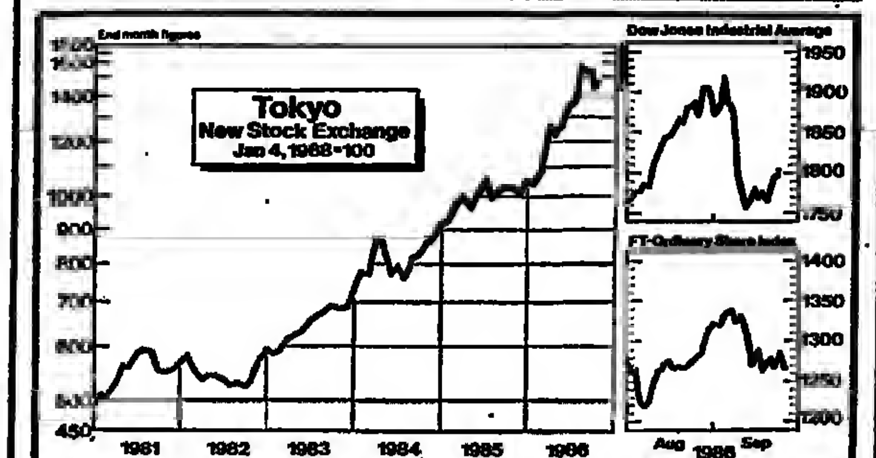
A mixed to firmer trend was seen in **Brussels**. Market leader Petrofina held onto an early gain to finish BFr 220 higher at BFr 9,400, while among firmer holding companies, Sidro added BFr 50 to BFr 2,130.

Continuing worries about threatened public sector industrial unrest again dampened trading in **Stockholm** although volume picked up marginally from the very low levels seen earlier in the week.

In the blue chip sector, SKF found some demand putting on SKr 7 to SKr 345. However, Volvo and Electrolux were both unchanged at SKr 372 and SKr 297 respectively, while Aga weakened SKr 3 to SKr 186.

**Madrid** was easier in quiet trading, while investors also failed to find inspiration in **Oslo** leaving the market to close unchanged.

## KEY MARKET MONITORS




### STOCK MARKET INDICES

| | Sept. 24 | Previous | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 1,803.29 | 1,793.45 | 1321.12 |
| DJ Transport | 792.13 | 784.83 | 650.18 |
| DJ Utilities | 204.16 | 202.84 | 162.60 |
| S&P Composite | 236.28 | 234.93 | 182.62 |
| **LONDON** | | | |
| FT Ord | 1,264.5 | 1,271.9 | 982.70 |
| FT-SE 100 | 1,603.4 | 1,610.0 | 1,280.10 |
| FT-A All-share | 791.89 | 796.77 | 819.89 |
| FT-A 500 | 869.67 | 876.19 | 680.17 |
| FT Gold mines | 339.1 | 344.8 | 310.90 |
| FT-A Long gilt | 10.29 | 10.13 | 10.27 |
| **TOKYO** | | | |
| Nikkei | 17,955.76 | closed | 12,755.60 |
| Tokyo SE | 1,481.00 | closed | 1,017.52 |
| **AUSTRALIA** | | | |
| All Ord. | 1,235.6 | 1,234.1 | 960.8 |
| Metals & Mins. | 634.4 | 640 | 515.5 |
| **AUSTRIA** | | | |
| Credit Aktien | 238.38 | 238.53 | n/a |
| **BELGIUM** | | | |
| Belgian SE | 3,896.42 | 3,889.29 | 2,467.86 |
| **CANADA** | | | |
| Toronto Metals & Minls | 2,217.8 | 2,247.7 | 1,934 |
| Composite | 3,017.3 | 3,019.1 | 2,656.2 |
| Montreal Portfolio | 1,518.10 | 1,519.52 | 129.43 |
| **DENMARK** | | | |
| SE | 200.67 | 198.70 | 215.74 |
| **FRANCE** | | | |
| CAC Gen | 387.80 | 388.6 | 218.20 |
| Ind. Tendance | 147.80 | 146.50 | 79.09 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 672.74 | 673.37 | 517.05 |
| Commerzbank | 2,013.00 | 2,019.40 | 1,523.70 |
| **HONG KONG** | | | |
| Hang Seng | 2,006.30 | 1,992.60 | 1,553.24 |
| **ITALY** | | | |
| Banca Comm. | 764.95 | 765.68 | 369.96 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 287.30 | 288.40 | 218.10 |
| ANP-CBS Ind | 287.00 | 288.10 | 191.90 |
| **NORWAY** | | | |
| Oslo SE | 373.73 | 372.79 | 369.23 |
| **SINGAPORE** | | | |
| Straits Times | 828.76 | 819.82 | 782.30 |
| **SOUTH AFRICA** | Sep 24 | Prev | Year Ago |
| JSE Golds | — | 1,996.00 | 1,111.2 |
| JSE Industrials | — | 1,380.00 | 960.4 |
| **SPAIN** | | | |
| Madrid SE | 189.19 | 191.37 | 80.00 |
| **SWEDEN** | | | |
| J&P | 2,460.97 | 2,445.19 | 1,387.81 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 546.60 | 546.60 | 485.10 |
| **WORLD** | Sep 23 | | |
| MS Capital Int'l | — | 340.90 | 218.30 |

### COMMODITIES

| (London) | Sep 24 | Prev |
|---|---|---|
| Silver (spot fixing) | 409.85p | 411.90p |
| Copper (cash) | £926.50 | £929.00 |
| Coffee (Sept) | £2,526.50 | £2,527.50 |
| Oil (Brent blend) | $13.80 | $13.50 |

### GOLD (per ounce)

| | Sep 24 | Prev |
|---|---|---|
| London | $434 | $434.50 |
| Zürich | $432.50 | $434.50 |
| Paris (fixing) | $427.57 | $425.69 |
| Luxembourg | $436.50 | $435.75 |
| New York (Dec) | $436* | $436 |

### CURRENCIES

| (London) | US DOLLAR Sep 24 | US DOLLAR Previous | STERLING Sep 24 | STERLING Previous |
|---|---|---|---|---|
| $ | — | — | 1.4465 | 1.449 |
| DM | 2.0475 | 2.015 | 2.9625 | 2.9725 |
| Yen | 154.50 | 154.6 | 223.50 | 224 |
| FFr | 6.7075 | 6.7075 | 9.7025 | 9.72 |
| SFr | 1.658 | 1.66 | 2.3975 | 2.4050 |
| Guilder | 2.3105 | 2.319 | 3.3425 | 3.36 |
| Lira | 1.414 | 1.415 | 2,043.25 | 2,050 |
| BFr | 42.40 | 42.55 | 61.35 | 61.65 |
| C$ | 1.388 | 1.3875 | 2.004 | 2.0115 |

### INTEREST RATES

| | Sep 24 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 10⅝ | 10⅝ |
| SFr | 4¼ | 4¼ |
| DM | 4⅝ | 4⅝ |
| FFr | 8⅛ | 8⅛ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month US$ | 6⅜ | 6⅜ |
| 6-month US$ | 6⅜ | 6⅜ |
| **US Fed Funds** | 5⅞* | 5⅞ |
| **US 3-month CDs** | 5.65* | 5.24 |
| **US 3-month T-bills** | 5.23* | 5.23 |

### US BONDS

| Treasury | September 24 Price | September 24 Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| 6¾ 1988 | 99[illegible] | 6.392 | 99[illegible] | 6.460 |
| 7¼ 1993 | 99[illegible] | 7.294 | 99[illegible] | 7.383 |
| 7¼ 1996 | 99[illegible] | 7.488 | 98[illegible] | 7.586 |
| 7¼ 2016 | 95⅝ | 7.665 | 94⅝ | 7.766 |

Source: Harris Trust Savings Bank

| Treasury Index Maturity (years) | Return index | Sep 24 Day's change | Yield | Day's change |
|---|---|---|---|---|
| 1–30 | 154.74 | +0.29 | 7.23 | −0.04 |
| 1–10 | 148.45 | +0.22 | 6.90 | −0.05 |
| 1– 3 | 139.78 | +0.14 | 6.43 | −0.05 |
| 3– 5 | 150.93 | +0.24 | 7.10 | −0.04 |
| 15–30 | 177.39 | +0.56 | 8.36 | −0.03 |

Source: Merrill Lynch

| Corporate | September 24 Price | September 24 Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| AT & T 3⅛ July 1990 | 91.5 | 6.450 | 91.5 | 6.459 |
| SCBT South Central 10⅝ Jan 1993 | 105.25 | 9.562 | 105.5 | 9.639 |
| Phibro-Sal 8 April 1996 | 96.771 | 8.50 | 95.629 | 8.65 |
| TRW 8⅜ March 1996 | 100.25 | 8.709 | 100.0 | 8.75 |
| Arco 9⅞ March 2016 | 104.75 | 9.395 | 104.750 | 9.395 |
| General Motors 8⅝ April 2016 | 88.125 | 9.311 | 88.125 | 9.311 |
| Citicorp 9⅜ March 2016 | 96.75 | 9.817 | 98.500 | 9.736 |

Source: Salomon Brothers

* Latest available figures